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ORVILLE LOTHROP FREEMAN

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TESTIMONY
of

The Secretary of Agriculture, Orville L. Freeman
before the
Wheat Subcommittee of the House Agriculture Committee
Jan. 7, 1964
for release on delivery.

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Mr. Chairman, Members of the Committee:

I am here today to testify in support of action on a wheat program for 1964. In the absence of such action, the income of wheat farmers will fall sharply...and agriculture will suffer a serious loss (estimated at \$600 million a year) that will be felt adversely throughout the Nation's economy.

We are all aware of the economic impact of a \$600 million decline in the wheat farmers' income, particularly at a time when strong efforts are being made to encourage a more rapid growth in the economy of the whole nation. A wheat program is essential, and this administration is prepared to work closely with the Congress to insure that prompt action is taken in the interest of the farmer, the rural economy and the nation. I am here today for that purpose.

This Administration has, from the beginning three years ago, sought to develop commodity programs directed toward the basic goals of reducing surplus stocks, holding down government costs and strengthening farm income.

In the case of wheat, we believed that if two-thirds of the wheat producers voting in a referendum chose a program of marketing quotas, this would be the most effective way to achieve these goals of higher income, reduced stocks and lower government costs. However, when the growers voted the program down, it was clear the farmers faced a substantial decline in farm income unless they could arrive at sufficient agreement on a wheat program that could be enacted and would further progress toward those three basic goals.

I am confident that we can develop wheat legislation that will improve the opportunity for increased farm income without a substantial increase in budget expenditures, and, at the same time, will continue the welcome reduction in wheat stocks still at surplus levels which began in 1961 with legislation enacted by the Congress.

We believe action on wheat is essential. Wheat farmers as a group... and all groups of farmers....are entitled to more income, not to less. At a time when bread is still a scarce commodity to millions of people in this world, the American consumer has so abundant a supply that bread is scarcely given a passing thought. The achievement of the American family farm in providing a wealth of food and fiber is little short of magic. Yet it is poorly appreciated and even more poorly rewarded. Instead, attention is more often focused on the cost of farm programs, and the disparity between farm and non-farm returns for comparable effort is largely forgotten. Yet farm income per capita is less than 60 percent of the income of the non-farm earner. Surpluses receive far more attention than the surprisingly low real cost of food in this country -- about 19 percent of the average family budget. Yet no other nation has ever eaten so well for so small a part of the disposable income of its people as the United States.

Today, with less than 8 percent of our population engaged in farming, most Americans fail to recognize that farm commodity programs are as essential to their continued good fortune as they are to the family farmer. The consumer tends to forget that the family farmer deserves much of the credit for the high abundance of low cost food we enjoy. Without the family farm system of agriculture, there would be no assurance of abundance; and without commodity programs, there is no assurance that the family farm system would survive.

The Communist countries -- where scarcity rather than abundance is the problem -- envy the productive ability of our agriculture. Yet they refuse to admit the productivity which flows from the incentives, and the flexibility and adaptability of free enterprise family farming will never be achieved under their system. And, as yet, no other system has been designed that can match the productive capabilities of our family farms.

Thus, so long as over-production and low prices are the silent companions of abundance, commodity programs will be essential to the family farm system of agriculture. So long as agriculture is subject to the volatile effects of a massive scientific and technological revolution; so long as productivity per farm worker grows 6 percent and more each year; so long as we continue to produce more each year from less land with fewer people, commodity programs will be necessary. They are not welfare programs, but essential tools of adjustment for the well being of the family farmer as well as every single American citizen.

Most wheat farmers understand this as do most other farmers. Some people may think that the vote in the wheat referendum last May was a rejection of all responsible farm programs. Such an interpretation ignores the fact that the wheat farmer in effect voted not once but twice last year -- once by ballot and once with his wheat drill.

It is clear from the recent crop report that most of the winter wheat acreage -- probably over 80 percent -- has been seeded within the allotment which would have taken effect had farmers voted yes in the referendum. There was no massive expansion of wheat acreage as we had feared. There has been no massive acreage expansion because the wheat farmer this fall voted with his wheat drill for a continuation of wheat programs.

I am here to urge that this Committee respond to this voluntary action on the part of farmers by enacting a voluntary wheat program. We can scarcely ignore the faith implied by the farmers' action. The overwhelming majority of wheat farmers recognize, as they indicated to me repeatedly this fall when I met with thousands of them, that a wheat program is essential. I agree, and am here to urge quick action by this committee on a voluntary wheat program.

Otherwise, despite the fact that acreages generally have so far been kept within allotments, the wheat farmer faces the prospect of a \$600 million decline in income. A decline in farm income of this magnitude will have a sharply adverse effect on the national economy at a time when all America is striving to increase the national economic growth rate.

It is clear, from the record of the past three years, that even modest programs...designed to be responsive to current needs...can have a decisive influence on farm income. The feed grain program, the emergency wheat programs and the administrative actions taken to raise support prices on a number of commodities...all these have combined to help increase farm income. Since 1960 farmers and the nation have benefited from an increase in net farm income of some \$2.5 billion greater than if farm income had remained at 1960 levels. Gross farm income has been \$8 billion greater over the past three years.

This increase in farm income played an important part in the upturn of our economy. The \$8 billion cumulative increase in income since 1960 has enabled farmers to spend more for both the farm enterprise and family living. For example, farmers invested \$521 million more in tractors, \$900 million more in autos and \$310 million more in other farm machinery and equipment in the past three years than otherwise would have been possible with a 1960 level of income. The increase in gross farm income also enabled farmers to spend about \$1,780 million more for purchased feed and about \$286 million more for fertilizer and lime. Furthermore, farm families were able to spend some \$1,560 million more for food, clothing and household furnishings because of their enhanced income position.

And, in 618 selected agricultural counties, deposits in insured commercial banks in June 1963 were some 20 percent higher than in June 1960. Indications are that this measure of financial activity rose about 8 percent during 1963.

The enactment of a wheat program for 1964 will enable the wheat producing areas of our nation to avoid the depressing influence of a decline in the income of the wheat farmer which not only will affect most directly the wheat States of Kansas, Nebraska, North and South Dakota, Texas, Oklahoma, Washington, Montana and Idaho, but also the entire economy.

There are a number of proposals designed to strengthen wheat farmer income now before this Committee. Each has certain advantages and some disadvantages. The Administration will be available at all times to assist the committee as it considers these proposals.

In general, the Johnson Administration will be guided by the conditions which President Kennedy set down last year. These, you will recall, are that a wheat program should maintain farm income, that Government costs should not be excessive, and that it should continue to reduce surpluses.

Within these guidelines the program should be a voluntary one. It should incorporate the certificate system because that system will be the least costly to the taxpayer. It will maintain both the price of wheat received by the farmer and also consumer prices at current levels.

Let me repeat: A voluntary certificate program can

- (1) Insure stable consumer prices, for wheat users will pay approximately the same for wheat this year as they did in 1963.
- (2) Insure that wheat farm income will be substantially higher than the level estimated for 1964 under current law.
- (3) Hold the line on budget costs.
- (4) Accomplish another substantial reduction in the carryover supplies of wheat...in the neighborhood of 100 million bushels more than would otherwise be the case.

If the wheat farmer is to benefit from a voluntary certificate program, there must be swift action. Because the benefits are so apparent, and the need is so great, we are prepared to make all necessary resources available to the Committee and to the Congress.

We are eager, ready, and willing to help you in any way we can. We urge the Committee's prompt, affirmative action.

U.S. Department of Agriculture
Office of the Secretary

Wheat farmers throughout the world face the new year with problems and prospects not foreseen when I spoke to the National Association of Wheat Growers in Denver one year ago. In that year wheat producers in this country rejected marketing quotas for the first time for any major national commodity. In 1963, U.S. farmers harvested a good crop of wheat and sold it at prices generally above support levels. The wheat States of the Plains and the Northwest are generally prosperous. Crop prospects for 1964 are favorable.

Russia and Eastern Europe experienced a massive grain crop failure. We estimate that in Russia alone the production of grains was at least 25 percent -- or 40 million tons -- below 1962 levels. Farmers in Western Europe suffered from unfavorable harvesting conditions, and much of their wheat can be used only for animal feed. Canada and the United States have made substantial sales of wheat to Russia and Eastern European nations. As a result of these events, world wheat exports by all countries may reach 2 billion bushels this year -- or 25 percent higher than in the previous marketing year.

The whole world has once more had a demonstration of the absolute necessity for carrying adequate stocks of wheat to meet domestic and world emergencies. Yesterday's surpluses again have proved to be today's silk purse.

Important as these events were, they have not solved the world's wheat problems. However, they have made their mark and we must take into consideration what has happened.

Address by Secretary of Agriculture Orville L. Freeman before the National Association of Wheat Growers, Amarillo, Texas, January 9, 1964, 7:15 p.m., CST.

Nonetheless, the single most important fact in the world wheat economy remains unchanged. Wheat stocks in the free world continue to be too large. The United States will have in storage more than one year's commercial needs even if we export one billion bushels of wheat in the current crop year as we now expect. Canada will carry one full year's needs into the 1964 harvest, despite record export sales of over 550 million bushels. The failure of world wheat prices to rise significantly in the face of unprecedented demands in the past six months is a sobering reminder of the extent of surplus stocks of wheat in the world.

Stocks, however, are not really the heart of the problem. The world's capacity to produce grains continues to expand at a rate clearly faster than the expansion of commercial grain markets. Surpluses above commercial requirements for most grain may be in prospect for Europe in the near future. Surpluses continue to be the lot of all major grain exporters, barring further crop disasters.

With an intuition born of long experience with low and unstable prices, our wheat farmers have recognized the sobering facts of the long-range wheat situation. Wheat farmers from Texas to Washington voted in an unheralded referendum last September and October. The polling places were in the wheat fields. The ballots were grain drills and tractors. The result was a smashing vote for wheat programs in the future -- programs to limit acreage and to support prices and incomes.

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USDA 72-64

Last year, following the NO vote on the referendum, it was expected that wheat farmers would ignore their acreage allotments when they planted wheat for 1964. Instead, they have so far largely planted within their allotments in order to preserve their wheat acreage allotments on their farms for the future. As a result, prospective winter wheat production this year is below early expectations. If spring wheat producers do not exceed their acreage allotments, and if 1964 exports are large, the 1964 crop could move into the market and allow our surplus wheat stocks to be further reduced. Should that happen we could well be down to about 600 million bushels, the lowest since 1953. This is a level that the Department of Agriculture considers necessary if we are to maintain adequate security and stabilization reserves.

However, a smaller crop than anticipated will not by itself prevent sharply lowered price and income prospects for wheat in 1964. Gross income levels, under foreseeable production levels for 1964, will not vary greatly. This is so because the improvement in price levels with each decline in production is substantially cancelled out because fewer acres mean fewer bushels produced. This means that unless a wheat bill is enacted which will provide a substantial improvement in price, wheat farmer income will drop about \$600 million below 1963.

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USDA 72-64

President Johnson is deeply concerned that in the absence of new legislation the wheat grower will suffer a serious loss. Also, a decline of this magnitude will adversely effect the entire economy, particularly in the major wheat-producing areas. There is no better illustration of what higher farm income can mean than to look at how farmers have spent the extra \$8 billion in total income they have earned over the past three years -- \$8 billion they would not have had if 1960 income levels had prevailed.

Farmers invested \$521 million more in tractors, \$900 million more in autos and \$310 million more in other farm machinery and equipment during the past three years than would have been possible with a 1960 style income. Some \$2 billion more was spent on feed, fertilizer and lime. Farm families, in addition, spent some \$1.6 billion more for food, clothing and household furnishings.

Thus it is clear that farm income is important not just to farmers, but to everyone up and down the line who does business with them. You know it, and I know it.

This Administration is committed to improving farm income...and to reducing unneeded stocks and lowering the cost of farm programs. In the case of wheat, we believed that if two-thirds of the wheat producers voting in a referendum chose a program of marketing quotas, this would be the most effective way to achieve these goals. However, when the growers voted the program down, it was clear the farmers faced a substantial decline in farm income unless they could arrive at sufficient agreement on a wheat program that would further progress toward these three basic goals.

I am confident that we can develop wheat legislation that will improve the opportunity for increased farm income without a substantial increase in budget expenditures, and, at the same time, will continue the welcome reduction in wheat stocks still at surplus levels.

Two days ago I testified before the wheat subcommittee of the House Agriculture Committee and told them what I am telling you now. I said there are several bills now before the Congress which would accomplish this. Bills by Senator McGovern, Senator Humphrey, Senator Carlson and Senator Young all contain elements which we support. I indicated that we stood ready to assist in drafting legislation which will maintain farm income, cut surpluses and hold down taxpayer costs.

These goals can be achieved by a program which incorporates the two-price certificate system, because that system will be the least costly to the taxpayer. It will maintain at present levels both consumer prices and the price of wheat received by the farmer.

Let me repeat: A voluntary certificate program can

(1) Insure stable consumer prices, for wheat users will pay approximately the same for wheat this year as they did in 1963.

(2) Insure that wheat farm income will be substantially higher than the level estimated for 1964 under current law.

(3) Hold the line on budget costs.

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USDA 72-64

Action on wheat is essential. At a time when bread is still a scarce commodity to millions of people in this world, the American consumer has so abundant a supply that bread is scarcely given a passing thought. The achievement of the American family farm in providing a wealth of food and fiber is little short of magic. Yet it is poorly appreciated and even more poorly rewarded. Instead, attention is more often focused on the cost of farm programs, and the disparity between farm and non-farm returns for comparable effort is largely forgotten. Yet farm income per capita is less than 60 percent of the income of the non-farm earner. Surpluses receive far more attention than the surprisingly low real cost of food in this country -- about 19 percent of the average family budget. Yet no other nation has ever eaten so well for so small a part of the disposable income of its people as the United States.

Today, with less than 8 percent of our population engaged in farming, most Americans fail to recognize that farm commodity programs are as essential to their continued good fortune as they are to the family farmer. The consumer tends to forget that the family farmer deserves much of the credit for the high abundance of low cost food we enjoy. Without the family farm system of agriculture, there would be no assurance of abundance; and without commodity programs, there is no assurance that the family farm system would survive.

The Communist countries -- where scarcity rather than abundance is the problem -- envy the productive ability of our agriculture. Yet they refuse to admit that the productivity which flows from the incentives and the flexibility and adaptability of free enterprise family farming will never be achieved under their system. And, as yet, no other system has been designed that can match the productive capabilities of our family farms.

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USDA 72-64

Thus, so long as over-production and low prices are the silent companions of abundance, commodity programs will be essential to the family farm system of agriculture. So long as agriculture is subject to the volatile effects of a massive scientific and technological revolution; so long as productivity per farm worker grows 6 percent and more each year; so long as we continue to produce more each year from less land with fewer people, commodity programs will be necessary. They are not welfare programs, but essential tools of adjustment for the well being of the family farmer as well as every single American citizen.

Let me repeat once again: this Administration, as it has from the beginning three years ago, will support commodity programs directed toward the basic goals of reducing surplus stocks, holding down government costs and strengthening farm income.

However, the support of the Administration is not enough....nor is the availability of sound legislation enough to insure the enactment of a wheat program.

Wheat legislation is the toughest kind of legislation to pass...and a wheat program is no good to anyone unless it can be passed. Massive, united and effective support by the wheat grower and those who are genuinely interested in the welfare of the wheat grower and his family is necessary if wheat legislation is to be enacted for 1964.

Recently, all farm groups but one met at the invitation of the National Grange. There was broad, united agreement at this meeting for a voluntary program for wheat. I urge that this encouraging spirit of

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unity be carried forward vigorously now to the Congress to inspire the quick action which will mean better farm income.

Enactment of new wheat legislation will provide the base on which we can go forward to build a strong and expanding wheat economy. Legislation, however, will not create markets, nor will it enable us to compete more actively for the commercial markets of the world. These things we must do ourselves.

This Administration is determined to find new markets for wheat, and we will use every resource at our command -- including trade and aid -- to sell wheat. Last week the largest single commercial sale of wheat in U. S. history was made by Continental Grain Company to the Soviet Union. It totaled one million metric tons of wheat; it brought us clear almost \$65 million at world prices...and the Russians paid cash. I predict it is only the first of several sales we will make to the Soviet Union.

We paid an export subsidy on the total 37 million bushels of about \$25 million -- which is neither more nor less than we would have paid if any other nation had purchased the same quantity of wheat. We saved annual storage charges of \$5 million -- and some of that wheat would otherwise have remained in storage 6 to 8 years or longer. We have strengthened appreciably the nation's critical balance of payments position, and countless additional jobs will be created as the wheat moves from the elevators on its journey to Russian seaports.

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Strangely, we have heard some people say they would kill this sale if they had the power. Last December we saw a determined effort in the Congress to tie the hand of the President in any such negotiations with the Russians. You have seen these things as well as I have...and I ask you: Do you produce wheat in order to sit on it, or do you produce wheat in order to sell it?

Perhaps there are some who think we can sit on wheat and hatch prosperity, but I am not one of them. Prosperity comes with hard work and a determined effort to seek and find people who want to buy what we have to sell.

Competition for commercial markets of the world is getting tougher every day. Our trading partners have made it clear by action and by word that they intend to sell in world markets and that they will make new terms when necessary in order to sell wheat.

We have made it equally clear that the United States will not take second place in the grain markets of the world. If we are to get our share of the world commercial grain markets we must offer our grain of all kinds and qualities and at all our ports at prices competitive with those of other major grain exporters. This we can do, and we not only intend to maintain the current level of wheat exports but also we expect to increase that share in the years ahead.

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One key element in the world commercial grain markets may have changed for the worse during the year. I refer to the question of access for efficient producers to the European grain markets. The United States is presently engaged in negotiations with the major grain importers and exporters of the world in the GATT Cereals Group. So far in these talks the European Economic Community has show little disposition to negotiate. Instead, just prior to the November meeting of the GATT Cereals Group, the EEC Commission published proposals for arriving at a common grain price and for negotiating on agricultural matters at the Kennedy round which would jeopardize traditional markets of the United States and other grain exporters. The EEC has, in fact, show a strong protectionist flavor at every point in our negotiations during the past year from chickens to grains. In this situation the United States has had and continues to have no choice but to insist that the traditional access to these markets by third country suppliers be maintained.

Of course, this is not a one way street. The United States is prepared to grant other countries which export to us the same rights we ask of the Common Market at this time. We are, for example, undertaking negotiations to assure those countries which export beef to the United States of a fair share of the growing U. S. beef market. We would base this fair share on the traditional exports of these countries. Similar arrangements, in all fairness, ought to be extended by the grain importing countries that make up the Common Market in the current GATT negotiations.

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We are taking this strong position not only because we believe it is only fair to our economic interests and other third country suppliers... but also because we believe that to do otherwise would constitute a retreat back to the era of rivalry and scarcity. It would force a return to the inward-look protectionism which contributed to a worldwide depression and culminated in the horror of war itself as petty nationalism dominated the world. We believe that in liberal trade policies we can find the key to cooperation and abundance which will lift all people of the world to a higher level of prosperity and peace.

If we can learn to share and expand commercial markets for grain and livestock producers, then there also will be hope that, in time, we also can help the developing nations to become strong commercial trading partners in world markets.

It is in these developing areas, where people yearn to escape from the bonds of scarcity, that the great future markets for the American farmer will be found. But before these people can buy what they need from us, we will have to help them achieve a level of economic development high enough to create the demand we can find nowhere else.

Back home in Minnesota, our family always believed that if a hungry person came to the door we should feed him...and then find a job for him. He then could buy the food for himself and contribute more fully to the whole community. What we seek to do in the world is simply an extension of that philosophy.

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The American wheat grower recognized a decade ago that we must use our abundance as an instrument to first set the people of the world free of the bondage of hunger...and then of the bondage of poverty. Through the market development program of the Wheat Associates, working through the Food for Peace program, millions of people have escaped starvation. In recent years, we have begun to use food as capital to build schools, roads, irrigation projects and other public facilities... to open new lands and assist land reform -- all necessary for economic growth. In South America, I have seen the school lunch projects sponsored by Wheat Associates where children go to school in order to eat and leave with the priceless gift of education. There is a school in Pakistan that, in many ways, is my proudest achievement as Secretary of Agriculture. In July of 1961 I promised a village leader there that we would supply the wheat for wages in order to build a school in that humble village. Wheat Associates helped me keep my word by arranging for the wheat to be delivered. Today the new school building is the only structure in town with running water.

These are but a few of the many examples of how we have begun the real task of putting our food abundance to work. What we have done falls far short of the need, for the disparity of income standards between the developed and the developing nations is widening today rather than closing. A recent estimate of the increase in value of product per individual placed the growth in the developing nations at an annual rate of \$3.40 while in the developed nations it is increasing by \$38.60, or ten times as fast.

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Our generation must do more, not less. We must use our abundance more fully and more generously. Thus far, we have locked ourselves into the perpetual dilemma of overproduction and low prices, and we have failed to recognize that overproduction, or abundance, can itself be the means by which we can escape our present confinement. The use of food abundance to accomplish economic development in dozens of needy nations not only can be our salvation, but also the salvation of other nations which face overproduction in agriculture.

Thus, if the relatively prosperous nations can reach beyond the short range goals many seem to seek through protectionism and trade rivalry to the greater goal of expanding opportunity for all people, we could in the process substantially expand the volume of trade. It would be a level far above anything possible when trade is largely confined to the more fortunate nations.

In this regard, agriculture is increasingly pointing the way. I predict that the time is not too distant when all the developed nations of the world will be participating extensively in an international Food for Peace program. Food will be a key instrument as rapid economic progress takes place in nations which today are still chained to poverty. And, when this has been accomplished, wheat growers will be richly deserving of the accolade "They were the pioneers who led the way to a new frontier of using abundance to make abundance possible for all mankind."

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To do this will require combined programs of trade and aid. It will require the firm support of all people, farmers and non-farmers alike. But it can be done. Already we have seen, through the Food for Peace program, that food aid can result in substantial market gains. Japan, a former beneficiary of Food for Peace, is now the largest single commercial purchaser of American food products. Other countries, like Spain, Israel, Greece and Formosa, are becoming cash customers. Already we can look with pride to more and more programs all over the world using food as capital.

A very discerning observer wrote not too long ago that "Such efforts, pursued on the basis of equal contributions, could raise the Atlantic States above the present risk of deadlock -- over agriculture, over balance of payments, over international lending; could revive confidence in the (underdeveloped) nations and could begin to provide some philosophical aim and justification for the flood of Atlantic wealth which so far surpasses society's ability to use it well."

This is the true challenge of our generation. We can pursue the elusive balance between what we produce and what we can consume and hope to provide a modest income level for the family farm. Or we can transform the vast unmet needs of the world into a massive commercial demand for our food abundance.

I for one choose the latter, for it is the true road to world peace.

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U. S. Department of Agriculture
Office of the Secretary

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Freeman.

Cooperatives were challenged today to lead the "unconditional

war on poverty" in rural America by Secretary of Agriculture Orville L. Freeman.

He said the Department will assist cooperatives to the full extent of its resources and will encourage the growth of cooperatives particularly through research, educational and advisory services.

The Secretary spoke at the 10th annual meeting of the National Telephone Cooperative Association in the Mayflower Hotel, Washington, D. C.

"There is no more challenging task for all of us than the call by President Johnson for 'an unconditional war on poverty in America.' And there is no force for progress which can be applied more vigorously to stamp out the causes of poverty in rural America than the cooperative idea."

Secretary Freeman noted that cooperatives have always taken on difficult jobs when the need for services or the problems of exploitation had become overpowering.

"In many respects, cooperatives have been a safety valve for rural America. Thus, the growth of fuel cooperatives in the 1920's was a direct response to the need to lower the cost of oil supplies.

Excerpts of remarks by Secretary of Agriculture Orville L. Freeman at the 10th annual meeting of the National Telephone Cooperative Association, Mayflower Hotel, Washington, D. C., January 28, 1964, noon (EST).

The development of cooperatively owned fertilizer plants in the 1940's and 50's came from much the same reason. The electrification of rural America is an indestructible monument to the way cooperatives can rise to a challenge no one else is willing to accept. And rural electric coops have not stopped there; they are pioneering the spread of electricity in South America and they are leading in the development of industrial plants in rural areas. Supply cooperatives are not only supplying the material needs of rural members, but also they are beginning to supply the leadership needs for the development of a more diverse rural economy.

"And you yourself know that modern telephone communication in rural areas would be far below its present level if cooperatives had not taken on this task."

The Secretary emphasized that efforts to eliminate poverty and to remove its causes will not be easy, but he said the cooperative approach can be a critical element in stamping out poverty.

"Poverty in rural America is generally more pervasive, more extensive...but yet less visible...than in the city where it stands out more brutally in all too visible slums. Yet, over one third of all rural families had net incomes below \$3,000, while less than one family in seven live below the poverty line in urban areas. One half the poverty in America can be found in the country where only one-third of the people live.

"One out of every three rural dwellers with poverty incomes are farmers...and three out of every four persons employed as farm laborers have incomes below the minimum we consider adequate.

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"There is no excuse for poverty in the midst of abundance... there can be no justification for the lack of opportunity in an economy which is the most productive in the history of mankind. It is well within the capacity of this nation to make certain no one goes hungry and to provide adequate shelter from the elements, and to make certain that every man and woman has the opportunity to earn his or her way with a decent job.

"The real task we face in rural America is providing the opportunity for better incomes for farm families...better jobs for those now underemployed...and new jobs for the youth who are now growing up in rural America."

Secretary Freeman estimated that in the next decade the rural economy would have to provide the equivalent of four million new jobs if rural poverty is to be eliminated.

"The alternative is to see economic pressure drive people from the country to the city, adding pressure to the problems of urban poverty. We can, and we must, revitalize and recapitalize the country to provide jobs and new income opportunities."

He said the role of the cooperatives would be to provide leadership and incentive for both farm families and the families in rural towns in applying the rural area development resources of State and Federal governments to local needs.

"It is a challenge which presents the cooperative movement with a limitless area for new ideas and innovations. There is no magic formula for ending rural poverty, but there is room to experiment...to give free rein to imagination and initiative."

Secretary Freeman cited the following areas where cooperatives could take the lead:

*New Services -- Existing or newly organized cooperatives could begin marketing and merchandising services for farm based recreation. Groups of farmers, seeking extra sources of income, could form recreation cooperatives and with loan funds from the Department begin to develop farm based recreation in an area -- whether it is farm vacations, hunting, camping, fishing, hiking or horseback riding.

Cooperatives for grazing, feeding or marketing of livestock could be developed with Department loan funds to enable groups of farmers to produce uniform quality cattle or hogs. With the increasing pressure for large scale output, cooperatives are one answer which allows the farm family to retain control of ownership.

Non-profit industrial development groups of farmers and townspeople can convert cropland in low income areas into industrial sites and, with the help of Area Redevelopment loans, modernize the community water and sewage services to encourage new industry.

*Strong Leadership -- Cooperatives, to be successful, must be better than good. They must be the best run business in the community. In business management, a cooperative must be ahead and keep ahead of everyone else. They must be constantly aware of technical innovation and new research discoveries, and be ready to adapt them to their business.

The Department recently developed a new process for concentrating apple juice. These research discoveries are available to all persons and

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firms, and a cooperative in the State of Washington built a \$760,000 plant to produce the concentrate as a result. It will provide a market for 30,000 tons of apples a year and will create an additional 100 new jobs in the community.

"This will be the way that rural poverty will be eliminated... by recognizing opportunity and doing something about it. I urge that you, as directors of rural telephone cooperatives, encourage the cooperative idea in rural development programs more vigorously in your own community and area. Beyond the satisfaction of providing a service that will be done no other way, you also will find it is the best possible investment in a growing level of business for yourself.

"And you, as successful executives, already have the experience others will need in organizing and operating other types of cooperatives."

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U.S. DEPARTMENT OF AGRICULTURE
BUREAU OF PLANT INDUSTRY
WASHINGTON, D. C.
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Office of the Secretary
Jan. 31, 1964

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FEB 19 1964

This is a critical year for agriculture and particularly for agricultural trade. Preliminary talks leading to the opening of general trade negotiations in May of this year have been under way for some months. Decisions which will be made in Geneva this year in the trade negotiations will have a critical effect on American agriculture and on farmers in the United States for many years to come. These decisions are turning out to be difficult to make.

I refer, of course, to the negotiations which have come to be called the Kennedy Round of general trade negotiations arising out of the Trade Expansion Act of 1962. The trading countries of the world and the agricultural producers in these countries are truly at a crossroads in 1964. They may choose to travel the high road of trade expansion, of fair and liberal and outward-looking trade policies, or they can choose the low road of restrictive, inward-looking, self-sufficient agricultural and trading systems.

If the commercial trading nations of the Free World take the high road, it can mean expanded export markets, increased sales for U. S. farmers, and a better day for the world's consumers. If the trading countries take the low road, it will mean higher costs to their consumers, lower standards of living, political differences arising out of economic protectionism, and a far more difficult world to live in.

Speech prepared for delivery by Secretary of Agriculture Orville L. Freeman to the annual meeting of the Rice Millers Association at the Rice Hotel in Houston, Texas, Friday, January 31, 1964, at 7:30 p.m. (CST).

I want to discuss these questions tonight not only with rice producers and rice millers who are here at this meeting, but through you with farmers all over the country. The question of trade is one which affects all of our farmers to a greater or lesser degree. Even though rice exports may be governed by regulations in foreign markets which are different from those which govern feed grain exports, the principles which can improve farm incomes and enhance the living standards of the world are the same from commodity to commodity and throughout the world.

I want to ask a few questions tonight and then seek to answer them. In this fashion, we can best pinpoint some important facts in what has come to be a somewhat confusing picture.

1. Are agricultural exports important?
2. Why is it that trade negotiations involving agricultural products are so difficult?
3. Has the emergence of the EEC changed things in regard to agricultural trade?
4. Do we oppose the EEC or obstruct it?
5. Do some of the EEC's current practices and negotiating proposals represent a serious threat to the American farmer and his markets?
6. What are these negotiating proposals, and why do they threaten our legitimate rights?
7. Do we have negotiating proposals?

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The answers to these questions are difficult, but they are crucial to the agricultural trade negotiations, and the outcome of the issues raised in these questions is as important to American farmers as the outcome of our own domestic agricultural policies.

1. Are agricultural exports important? They are exceedingly important -- more than at any time in our history to farmers and to the entire nation. Exports provide markets for over 60 million producing acres; they greatly ease the problems of production adjustment. Exports strengthen market prices and improve farm incomes. Farm products for export provide jobs for around one million farm workers, and many thousands of additional jobs for those in towns and cities who transport, store, process, and otherwise service our food and agricultural industries. Agricultural exports selling in the world market for dollars add to the plus-side of our international accounts at the rate of \$4 billion a year-- twice the dollar export rate of 1955, before most of today's market expansion efforts were undertaken.

Not only do agricultural exports aid our own economy greatly, but they are one of the greatest expressions of American progress and American ability as seen in foreign lands. Today, the products from American farms are helping to feed and clothe more millions of the world's people than ever before, and this fact speaks loudly and clearly for our free and competitive agriculture.

Because agricultural trade is important, agriculture is included in the general trade negotiations. There is a very simple logic behind the decision to tie all products together in the negotiations. It will benefit both sides to do this. It was to use agricultural concessions where possible to secure industrial concessions, and to use industrial concessions where possible to secure agricultural concessions. This procedure is at the very heart of the

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decision to coordinate the agricultural and non-agricultural trade negotiations. It makes good negotiating sense and gives us a stronger hand. Europe is not basically an agricultural exporter. We have comparatively little to offer her that is attractive in the agricultural concession area. But Europe is a heavy exporter of non-agricultural products and there is ample opportunity for exchange.

2. Why is it that trade negotiations involving agricultural products are so difficult?

There are certain historical reasons. In the United States and throughout the world, the farmer has always been the low man on the economic totem pole. As governments have introduced measures to improve the incomes of farmers relative to other economic sectors, there has grown up a whole system of restrictions protecting domestic production in all countries by shutting out trade. I do not exclude the United States from this difficult situation, although our agriculture is protected far less than the agriculture of other countries. In the United States, however, farm families on the average earn incomes only 55 percent as high as the average for families working in other economic sectors. The same thing is true in Europe. This situation can and must be improved both in the United States and in Europe. But it cannot be improved simply by building a wall around the agriculture of a country or group of countries, thereby restricting the flow of trade. Yet that has often been the first approach to our farm income problems. And it is one we must still reckon with.

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There is also the fact of the technological explosion. The immense improvements in agricultural productivity, especially in the United States and in Europe, have brought the pressure of agricultural surpluses to bear on farm prices and farm incomes. Also, this rising productivity has led many countries of the world to believe that they can become self-sufficient in agricultural production even though they have failed to do it in the past. This has long been a goal in some areas. So, on the one hand, the tendency to protect the farmers from the price consequences of increased output leads to trade restrictionism. And, on the other hand, the prospect of increased productivity rekindles the desire of many countries of finally becoming self-sufficient.

3. Has the emergence of the EEC changed things in regard to agricultural trade? The EEC, or Common Market, is an economic union of six Western European countries. It aims eventually to eliminate barriers to trade between its members. It must harmonize different economic systems and price levels. When this is done, the EEC--on economic matters--will look and act as a single nation. In the trade negotiations, they will act as one in negotiating with the rest of the world, including the United States. They are trying to do what we did when we adopted a common constitution--they want to be six in one. Clearly, the EEC has changed things, and we need to take account of the new problems which have resulted.

4. Do we oppose the EEC or obstruct it? Does the U. S. seek to undermine its agriculture? Absolutely not! The United States has supported and nourished the EEC. In principle, the countries of the EEC and the United States have agreed that we can improve the welfare of our farm people and improve our trading relations with one another at the same time. We all

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subscribe to the rules of the General Agreement on Tariffs and Trade -- the GATT. We work together for a stronger Free World.

But as so often happens in human affairs, it is easier to agree upon objectives than it is to agree upon ways to attain them. It is difficult to accomplish all we seek. As a result, certain practices and new systems have come into existence, and others are being discussed which would not appear to further the trade objectives we seek.

The United States, and particularly the Secretary of Agriculture, has often been charged with unreasonable demands upon other trading countries and especially on the EEC. It has been said in Europe that we seek to flood their markets with the products of U. S. farms, and to replace European farmers. This is simply not true! Let us look briefly at what the United States really wants in the agricultural negotiations.

What we have asked for is exactly what we are willing to give, namely, fair access to the markets of the world based on trade in a recent representative period. Our present negotiations on beef imports are an example of this. U. S. beef imports have climbed spectacularly in the last several years. They are influencing domestic prices and farm income. But the United States is not arbitrarily slamming shut its door on imports. We are negotiating with our principal suppliers access arrangements which will recognize our situation and their market needs. These market share arrangements will allow imports to continue to enter the United States up to recent representative levels, and to expand as our total market grows.

The United States and other exporters now supply a share of Europe's markets and the markets of the other trading nations. What we ask in the

future is that the agricultural trade policies being undertaken not be designed to reduce our opportunities to share in those markets on a fair and reasonable competitive basis. We ask that the interests of the efficient agricultural producers of the world be accounted for in the agricultural and trade policies of other countries.

We have the greatest sympathy for the problems of European farmers. Our farmers have much in common with the farmers of Europe. We hope that Europe's farmers will prosper and that their markets will expand and their income rise along with the incomes of U.S. farmers. We seek an opportunity to show, therefore, that it is to the mutual advantage of importing countries and exporting countries to share the world's agricultural markets and that the end result would be better farm incomes and higher living standards throughout the world.

5. Do some of the EEC's current practices and proposals represent a serious threat to the American farmer and his market?

The only possible answer to this question is "yes". Some of the erosion of the American market has already begun. Exports of wheat flour to the EEC countries dropped by 40 percent in 1963; exports of poultry and poultry products declined by 64 percent in 1963. Import restrictions for grains which are under discussion within the EEC could seriously damage our markets for wheat and feed grains. And a negotiating plan has been proposed which would have the effect of basing the agricultural trade negotiations upon a system of agricultural policies and levies which would seriously threaten markets we have served for many years.

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6. What is this plan and why does it threaten our legitimate markets?

The newspapers in recent weeks have written a great deal about a negotiating plan for agriculture developed by the EEC. Our knowledge of this plan is in many respects incomplete but we know enough about it to be very concerned about its effect upon the United States and upon the trade negotiations generally.

In essence this plan seeks to turn all import duties or other import barriers on agricultural products, in all negotiating countries, into variable levies of the kind now applicable in the EEC. It would seriously alter the present system of agreements and practices worked out over many years, and replace them with a new system.

As I understand it, this is not the kind of negotiating proposal which would make for progress. Instead we need a more practical proposal which recognizes and respects the different kinds of farm support systems in the world and the different kind of import barriers which protect them. It is not reasonable to expect to impose one system on all countries of the world, no matter how appealing that system may be to those who have devised it. We need a plan which can result in the reduction of fixed import duties, in greater access to markets, and in the reduction or elimination of discrimination among supplying countries where it is practiced.

The rights of third countries of access to markets have been painfully negotiated over the years. They are the starting point for further negotiations. If they are swept away, the fair and legitimate trade interests of the rest of the trading world will go with them. This must not be allowed to happen.

7. Do we have a negotiating proposal?

I do not approach these matters in a negative way -- to obstruct progress. It is useless to point our finger at others if we have no proposals of our own. Instead, we must approach these important trade negotiations positively, recognizing the problems of others sympathetically and not rejecting out of hand the needs of other countries for a sound domestic farm policy which meets their needs.

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To do this, we must first find a way to negotiate under the new circumstances resulting from the EEC; then we must actually negotiate. As realistic people, we are not trying to redesign the world's commercial trading system; instead we are searching for a negotiating plan, recognizing the differing needs of all countries to protect their farm income programs.

In my considered judgment there is such a practical workable system. We in the USDA have worked long and hard on such a plan. Its basis is very simple. Its aim is fair market sharing based on long standing practices, adjusted to new conditions resulting from the EEC and recognizing her problems but also the interests of third countries as well. Such a negotiating plan recognizes that all countries have rights. It would embody certain well-established international trading principles and goals.

Here are its elements:

1. Fixed import duties should be reduced substantially. If the negotiating countries adopt a general rule for reducing fixed duties, that rule should cover agricultural products as well as industrial. Any items too sensitive to permit lower duties would qualify for an exception for farm products as for any type of product.

2. Variable import levies -- a new device widely used in the EEC and in some other European countries -- should be included in the negotiations in a meaningful way. But variable levies cannot be reduced as fixed import duties can, so we must find an alternative means of trade liberalization. Negotiated trade access through arrangements for both domestic producers and exporters to share equitably in expanding markets would be the basic approach for grains, meats, and certain other variable fee items.

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3. For certain products, quantitative restrictions or state trading impede trade. Where these barriers are used for the protection of farm income programs, improved access for imports should be negotiated again through fair market share arrangements similar to those which would be negotiated for variable levies. Where the non-tariff barrier does not perform a critical function in the protection of farm income, however, we believe the barrier should be removed as quickly as possible.

These proposals are already before the world. They are in fact a part of the common language of trade liberalization aimed at creating balance between the legitimate protection of domestic farm income by various countries on one hand, and expanded international trade in agricultural products on the other.

Let me explain in a little more detail what I have in mind. The fixed import duty is the most common form of protection in the world. It is still the prevalent form of protection here in the United States. We are willing to consider reducing our fixed import duties on agricultural products if we can get adequate payment for them abroad -- we don't intend to give anything away -- and if the domestic situation permits a cut. We think other countries should be willing to do the same.

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We recognize, however, that for many commodities the fixed import duty is not the principal form of protection used. Variable levies, quantitative restrictions, and state trading are different, and they require different methods. There are these and a host of other devices which, singly or in combination, give the protection which was once required and which we all seek to reduce in these negotiations for our common good. Non-tariff barriers cannot be excluded from negotiations simply because they are not tariffs. The most sensible way to include them in the negotiations is to negotiate market share arrangements for products covered by such systems. Even here I see no need for any one form of arrangement. It should fit the needs of the countries and commodity with which we are dealing. The International Wheat Agreement and the market-sharing arrangements proposed by the United Kingdom in meats and cereals are important precedents.

The essence of each arrangement, however, would be an assurance given by the importers to efficient outside countries that these producers would have the opportunity to compete with domestic producers for a fair share of the domestic market. This market share would be based upon imports in a recent representative period, and it would provide for expanded imports as the total market grows. It does not admit exclusion from markets, either by direct quotas or by adoption of domestic policies which have that effect.

For some commodities -- cereals and meat and dairy products come immediately to mind -- these market share arrangements may have to be quite elaborate. They may require new multilateral agreements involving all major importers and exporters. They may cover areas of national policy not now subject to international commitments -- such as support prices or non-commercial sales. They might require all the developed countries of the world to make substantial contributions to the less developed countries by way of food aid.

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The core of such arrangements, however, would be the assurance given by importers to exporters that they will not be shut out of the dollar import markets through the application of restrictions at the frontier.

I repeat that agricultural markets can grow as they must only if the agricultural negotiations can make progress -- only if the key can be found to a liberal and progressive negotiating plan.

I have set before you tonight such a negotiating plan:

- * to reduce tariffs
- * to guarantee fair and reasonable access to markets where
tariff reduction is not applicable or possible
- * to remove non-tariff restrictions at every opportunity.

This is a negotiating plan the world can understand. It does not involve the writing of a new language for the agricultural talks. It does not build the trade negotiations around any particular domestic agricultural system, but rather adapts the trade negotiation plan to the main systems of protection and duties of all the trading partners in the world. It starts from where we are. It builds on the successful negotiations of the past. It benefits all nations -- developed and less developed alike.

Finally, it is a plan for trade liberalization, and that is what the trade negotiations are all about.

- * It would require tariff cuts; it is not at all clear that
other proposals would do this.
- * It would assure markets to efficient producers and would require
some limit to the measures encouraging inefficient production.

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* It would expose the trading practices and the domestic farm policies of the Free World to the test of the high principles under which the trade negotiations were launched.

* It would inject new strength and vigor into the world's established commercial trading system, a system which has served man well through the ages and which continues to offer best promise for effective and rewarding distribution of his production.

As we move forward in trade talks, we need and want the advice and the support of farm groups in the United States. I assure you of the strongest possible representation of your interests, from the President on down. I have high hopes for a successful outcome, for expanded markets, and for better farm incomes as a result.

Never before in trade negotiations has agriculture received so much attention and consideration. Agricultural trade had the vigorous attention of President Kennedy; it now has the vigorous attention of President Johnson. As a result, agriculture and industry are together in the trade talks. This is the policy of the United States Government. With the help and support of agriculture and industry, I am optimistic that this united front can be turned into the most successful trade negotiations in history.

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SIGNS OF CHANGE

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Feb. 4, 1964
It is a pleasure to meet with you again.

Two years ago I met with you at Philadelphia for the first time as your Secretary of Agriculture. I deeply appreciate the fine cooperation and support I have received from your organization and your President, Marion Monk, during the past two years.

Today we meet again as friends, as coworkers in resource development. I recognize many faces in this room. Many of you I met during our series of highly successful Land and People Conferences.

Since that day in Philadelphia much has happened in resource conservation that all Americans can applaud. I want to cite just a few examples...and to commend and thank this association and you personally for helping to make them possible.

In Cameron Parish, Louisiana, Curtis McCain and George Greathouse, cooperators with the Gulf Coast Soil Conservation District, opened an 80-acre farm pond converted from marshland with the assistance of the Soil Conservation Service. They are now getting extra income from what formerly was idle land. People pay a dollar a day for fishing privileges and a small fee for boat rentals. The owners operate a bait stand and refreshment stop, which add to the convenience of the fishermen and the income of the owners. The land grossed almost \$30 an acre the first year. Previously it had not produced enough to pay its share of the taxes.

Address by Secretary of Agriculture Orville L. Freeman before the National Association of Soil Conservation Districts, Kansas City, Missouri, Feb. 4, 1964, Noon (CST).

Near Ithaca, New York, James Gordon, with assistance from USDA Soil Conservation Service technicians, has opened his one-time livestock farm as an ideal spot for vacationing campers. A former half-acre stock water pond has been converted for swimming. Adjacent to this is a well equipped athletic field. He has 75 campsites for which he charges \$2 the first day and \$1.50 each additional day. He has built a small store in the barn to supply campers with emergency items and ice.

In Fairfax County, Virginia, Philip M. Mitchell has converted his 265-acre grain farm into the Bull Run Hunting Preserve. The preserve is open for pheasant hunting six months a year. Hunters are charged a fee of \$15 which entitles them to two pheasants each. The farm is well stocked with birds. Natural vegetation and fields planted with sorghum in contour strips provide excellent bird cover.

In the State of Washington, Clayton Merry is revamping his 1,040 acre cattle ranch in Chumstick Canyon near Leavenworth to include recreational and wildlife developments ranging from pheasant and fish production to horseback riding and overnight camping.

His conservation plan provides for a bypass and two small dams that also will provide water for fishing ponds. Three ponds on two creeks running through his property will be used as reservoirs and fish ponds for public fishing for a fee. He also is licensed to operate a shooting preserve on 200 acres of his ranch, and plans bird-rearing pens, kennels for boarding

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hunting dogs, and a clubhouse. In addition he will board and room saddle horses, and will develop campsites and cabins for overnight camping.

In West Virginia, William D. Bailey, a cooperator in the Northern Panhandle Soil Conservation District, has converted his 135 acre dairy farm to a golf course, which opened Memorial Day in 1962.

As many as 250 golfers play the course on weekends and holidays, and from 75 to 125 on weekdays. The Baileys are also developing trails through the 40 acre woods with picnic tables and grills, and two ponds are kept stocked with fish as extra benefits to the golfers and their families.

The Bailey farm barely supported one family prior to converting to recreation. Now it supports three families.

These are but a few examples of what is being done by 17,500 district cooperators who, since the passage of the Food and Agriculture Act of 1962, have established one or more income-producing recreation enterprises on their land. Of these, about 2,500 adopted recreation as a primary source of income on 750,000 acres of land. Another 17,500 cooperators have consulted with technicians of the Soil Conservation Service about the possibilities of going into income producing recreation in some degree.

You can justifiably claim a good bit of credit for what has been done to bring a new source of income to rural America. But I also want to share that credit among some other people.

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First, I think the Congress deserves recognition for enacting the legislation which has made much of this possible. Few people appreciate the significance of the Food and Agriculture Act of 1962 and what it means both to the rural community in terms of an expanding economy...and to the urban and city family in terms of recreation opportunities. It is a landmark in resource conservation legislation.

And I also want to pay tribute to some other agencies of the Department, for in this program all of them are participants.

Farmers Home Administration makes credit available to farmers and to non-profit rural organizations for development of recreation facilities. To date, 139 farm operators and 27 non-profit associations in 41 States have received \$3-1/2 million in loans for recreation development.

Under the Pilot Cropland Conversion program, county ASC farmer committees (with technical assistance for Soil Conservation Service and Forest Service) entered into 5-to 10-year agreements with farmers in 128 counties in 37 States to shift 129,000 acres out of cropland. Of this 8,300 acres went into recreation use and 114,000 acres to grass.

The Department of Agriculture also shared the cost of establishing conservation practices that contribute to recreation and wildlife development through the Agricultural Conservation Program in 1963.

There also has been a good response to the expanded Watershed Protection and Flood Prevention program which allows cost-sharing on recreation developments in small watershed projects.

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The Soil Conservation Service has received proposals for including recreation as a cost-sharing feature in 55 projects in 29 States. The total estimated cost of these developments is about \$29 million, divided about equally between Federal and local funds. In addition, 50 watershed projects include fish and wildlife development proposals.

The advances in resource development over the past two years are notable because they have occurred in so short a space of time. To me, this is a most encouraging sign that we are beginning to better understand the causes of change in rural America, and to mold change to the advantage of people. I have tried to bring this point into sharper focus in the foreward to the 1963 Yearbook of Agriculture with these words:

"Signs of change are everywhere. We see them in the growth or decline of communities, the building of highways and other facilities, the moving of people to new homes and jobs, the renewal of cities and the growth of suburbs, the enlargement of some farms and the disappearance of others, questions about the place of family farms as a dynamic force in agricultural production, shifts in the uses of land, and changes in our human relationships, institutions, and aspirations of rural and urban America alike.

"All such changes are challenges to direct American energy, American dynamism, American ability, and, yes, American humanitarianism toward a greater fulfillment of the American goal.

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"I believe the Federal Government must take a leading part in rural development because of its wide scope. But the work also will require investment capital and the help of commerce and industry. It will require the resources of State and local government. But it can succeed only with the initiative and leadership of local people.

"To the fulfillment of these opportunities, we commit our imagination, technical skills, and powers. Let us not seek tasks to fit our talents. Let us rather pray that our talents fit the obligations before us."

Let me say that in President Johnson we have the kind of President who can stretch his talents -- and our talents to this job. President Johnson is dedicated to the conservation ideals, for he is a soil and water conservationist by persuasion and by personal participation as well. His roots are deep in the soil. He is a rancher who lives on a ranch and operates two others. All his land is under a basic conservation plan. He is a cooperator with two Texas soil conservation districts.

Lyndon B. Johnson is a long-time friend of agriculture and of soil and water conservation. He proved that time and again as a member of the House and through his many years as Senator and Majority Leader and Vice-President. The first bill introduced in the Senate to authorize the small watershed program was S-877.

As President he continues to be a friend of agriculture and conservation and soil conservation districts. He understands your work

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and believes in it. This Administration will do all within our power to support soil and water conservation districts in the crucial days ahead.

The projects and programs I have described thus far emphasize only recreation. But recreation, however, is just one of the new uses that can be found for land that is producing crops which are in overabundance.

Many rural communities have discovered new economic opportunities by growing livestock and timber on land that had been producing crops already in surplus. Soil and water conservation districts have long provided leadership in this field, for shifting land to uses for which it is better suited has always been a basic part of your program. Cooperators in your nearly 3,000 districts are converting about 2.5 million acres of cropland to less intensive uses each year. This land is not being idled. Rather it is being converted to a use for which the soils are better suited -- the production of grass and timber and to wildlife and recreation uses.

More than one-fourth of the cropland going permanently to grass is located in the Great Plains where the Great Plains Conservation Program has helped to speed up this process. To date, nearly 14,000 long-term cost-sharing contracts will convert one million acres to grass, or 23 percent of the cropland on these farms and ranches.

Finally, even more concentrated efforts toward land conversion and resource development will be planned in the new Resource Conservation and Development projects, also authorized by the Food and Agriculture Act

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of 1962. We have received applications for assistance from local sponsors of about 20 of these proposed projects, covering about 30 million acres in 15 States.

RC&D projects are a new approach to assisting rural communities. They are intended to carry out a program of land conservation and land utilization in an area where acceleration of current conservation activities, plus the use of new authorities, will provide additional income and job opportunities to its people.

Until about a month ago there were no funds available for these activities. Pending the availability of funds, I had authorized, in 1963, planning assistance for three projects -- one in Indiana, one in Pennsylvania, and one in Minnesota. There are funds available for a total of ten projects this year and next. I am today, therefore, announcing approval of planning assistance for the other seven new Resource Conservation and Development Projects, one each in the States of Georgia, Vermont, New Mexico, South Dakota, Wisconsin, and Oregon and one on land in both Washington and Idaho. I have directed the Soil Conservation Service to give planning assistance to the local sponsors of these ten RC&D Projects. The details of these newly authorized projects are being made available here today.

These new projects represent a major step forward in Rural Areas Development. Some of you will have a prominent role in these C&D projects. But are all of you -- all 15,000 officials of the nearly 3,000 local districts-- ready to participate fully, to assume a position of leadership in Rural Areas Development? Are all of your programs and your ideas in tune with 1964?

At your Philadelphia meeting I offered each district a modernized Memorandum of Understanding that called for lifting your sights to broadened objectives, to modernize your work programs to fit today's and tomorrow's swiftly changing needs.

Since then about a third of the districts have updated their programs and entered into new agreements with the Department of Agriculture. This is a splendid start, and I commend those who have taken this step and the many others who are working toward it.

These revisions reflect that the job of soil conservation districts has changed greatly since the first one was organized nearly 27 years ago. The greatest changes have come in the past few years. Once you worked almost solely with the individual farmer and rancher, helping him plan and install a conservation program tailored to his land and his needs. That is still a big part of your job, and it will remain so. In the past quarter century, you have built an unchallenged reputation of leadership in soil and water conservation and agricultural land use.

Your challenge today, however, is to move boldly into community-wide resource development action, providing the one element that will make Rural Areas Development really work: local initiative and local coordination and

direction. I urge you to be in the lead in RAD activities in your home community, for RAD is on the move and it will continue to gain momentum.

Rural Areas Development is a job you have done for years, for its base is the full development and management of the land and water resource of the community. These resources give us our wealth, the foundation on which to build an improved economy.

So I say to you that you have many real challenges today. Among them are:

1. To get and keep your district program up to date.
2. To participate in the work closely with the RAD Committee in every county.
3. To help plan, develop and sponsor Resource Conservation and Development Projects.
4. To go all the way with multi-purpose watershed projects -- from the idea through planning and installation and operation and management. They create employment, attract new rural industries to reliable water supplies, reduce flood losses, bring new recreational developments around reservoirs, and most important of all -- new community pride emerges in improvement and progress.
5. To help in every possible way with the Department's credit and loan programs, especially those directly related to resource development.
6. To participate fully in the Program Development Group activity of the Agricultural Conservation Program in every county.

7. To tie to the cropland conversion program as it develops. It is directly related to your district program by Departmental policy.

8. To take full advantage of today's opportunities in urban-rural planning, one of the keystones to RAD. Not all of the conservation problems are farm problems. They extend from the farm fields into the streets and alleys of the county seat. They are rural-urban problems. All are community problems, for natural resources are interlocked and they interact -- each is a link in a chain.

9. To encourage greater financial participation in resource conservation by state and local governments. Non-federal contributions to soil and water conservation districts were about \$44 million -- about \$17 million from local government, \$14 million from States and \$11 million from individuals. This is excellent, because it indicates more people are aware of conservation needs than ever before. But that record can and must be improved if we are to move ahead as fast as the needs indicate.

The dimensions of the resource job we face are staggering. Land today has new values beyond the production of food and fiber. It is looked upon as a source of community stability and economic growth, as the development base for new jobs, for recreational opportunities, for living and working space and other benefits that relate to non-farm as well as to farm and ranch people.

As you know, a major objective of USDA programs in the past three years has been to help improve farm income, to broaden the income base for farmers and ranchers, and to help them shift land that is either unsuited or unneeded for cultivation away from the production of surplus crops.

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The Department's land and water conservation efforts which contribute to this are decentralized. They are controlled and managed at the local level by local people -- responsible local citizens like the officers of soil and water conservation districts. These are not Federal programs. They are local programs with Federal assistance. We want them to remain that way.

The progress of the past two years reflects the wisdom of this approach...and the promise of the future depends on how well you and other leaders move ahead to the job at hand.

When you return home I urge that you make your voice heard...and your leadership felt. You and I know that the big job, the vital job of resource conservation and development, is on the private lands of this Nation. You and I know that this job is not moving along as fast as it should. You and I know that dollars for this purpose are not expenditures but investments. You and I know that the resource conservation and development job on private lands is linked to the welfare and prosperity of all our people and to our future as a Nation.

For us to know these things is not enough. Others must know. They must be told by those who know...and understand...and believe...and care.

I will do my part, but the job is largely yours. You are the people. When the people speak, all men listen.

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U.S. Department of Agriculture
Office of the Secretary

0, 1964 Secretary of Agriculture Orville L. Freeman moved his office to Decatur, Illinois, today (Feb. 10) to consult with soybean growers on the level of 1964 soybean price supports.

"Let me make it clear that the responsibility to set the support level is mine," he told the annual convention of the Soybean Growers of America, Inc., the producer organization of the soybean industry.

"It is a judgment I alone can make. However, the decision must reflect the interests of all persons involved -- both those who grow soybeans and those who use them. It must also involve the interests of the consumer and the processor.

"And I am here to listen and to discuss with you some of the factors which must be considered."

He listed for his farmer audience the arguments he has received to support a decision to maintain the support price at its current \$2.25 per bushel level, and to increase the support price to higher levels.

The Secretary indicated there is general agreement on the need for two to three million more acres in soybeans.

"Those opposing an increase in supports say:"

* Higher market prices for soybeans over the past year will encourage farmers to plant more soybeans. Let the market work freely. It will do the job.

* Between two to three million acres Conservation Reserve land returning to production this year will go into soybeans.

Excerpts of remarks by Secretary of Agriculture Orville L. Freeman at the annual convention of the Soybean Growers of America, Inc., Hotel Orlando, Decatur, Illinois, 7:30 p.m. (CST), February 10, 1964.

* Higher support prices could discourage farmers from participating in the feed grain program, and more acres would be planted to both soybeans and feed grains.

* High soybean supports would encourage production to surplus levels.

* If soybean prices are too high, exports will decline and domestic prices for soybean products will encourage users to turn to other substitutes.

" Those for an increase in the price support say:"

* Acreage expansion at present support levels is about at the limit.

* A higher support price will encourage farmers to expand soybean acres. They want the assurance of higher prices, not the speculative promise of last year's market. The so called free market can't do this.

* Soybean prices in 1963 were too high. Exports suffered and substitutes took some of the domestic market.

*The best estimate of the amount of Conservation Reserve land going to soybeans is 500,000 acres, not enough to meet increased demand.

* Increased production at higher support levels will stabilize the soybean market. Farmers will get better prices at harvest and users who buy as the year advances will have lower costs. Stability helps everyone. Higher supports will enable the market to operate to everyone's benefit.

* Export markets are growing. We could lose them if beans are scarce and prices are too high.

* If production is short of need, the cost of soybean products increase and domestic users look for substitutes.

"These are the factors I must weigh in making a decision. The continuing growth of the soybean industry is essential. Farmers, producers and consumers deserve the best decision that I can make. We cannot afford tight supplies which bring 'boom and bust' prices. There is no better way to restrict the growth of the market. On the other hand, we don't want over production with weak prices and another surplus," Secretary Freeman said.

"I faced a similarly critical decision on soybean price supports shortly after I took office in 1961. The factors to weigh, and the arguments made then, were much the same as now. While the world has changed a great deal in three years, it is useful to review the situation and the results which flowed from my decision then.

"In 1961, I found that we faced a near shortage of soybeans, a commodity with vital industrial and food uses. There were less than 6 million bushels in reserve, or only enough to supply national needs for a few days.

"The market price had risen to over \$3.50 a bushel, even though the support price was \$1.85. Speculators were having a field day, and we were losing foreign markets and dollar sales at a time when our balance of payment deficit obviously called for a higher level of exports.

"At the same time, we were producing feed grain on land that could be growing soybeans, adding about 350 million bushels of feed grains to a surplus which already far exceeded reserve requirements.

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"Thus, I took action to increase soybean price supports for the 1961 crop to \$2.30 a bushel, both to increase farm income and to divert land from producing feed grains to soybeans.

"There is no action I have taken as Secretary which has been criticized more. Editorial comment was critical, and the soybean processors sounded like the voice of doom.

"But what happened?

"Income to farmers from soybeans increased some \$400 million. Farmers received an average market price of \$2.13 a bushel in 1960, although the market price rose above \$3.50 a bushel. In 1961, farmers received an average \$2.29 per bushel, and the market price was far below the peak for the 1960 crop.

"Soybean exports set a new record, exceeding 160 million bushels. Oil and meal exports also were at record levels.

"Domestic use of soybeans reached new levels -- 471 million bushels.

"A more realistic reserve -- 55 million bushels -- was acquired.

"Since 1962, the price support level has remained at \$2.25 a bushel. The soybean industry from producer to processor to consumer has prospered. Soybeans have become a miracle crop in every sense of the word.

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"As a result of the growth since 1961, it is the largest single dollar export earner among farm commodities. It also ranks as the fourth largest cash crop in agriculture, moving into the position long held by tobacco. At present growth rates, it could soon exceed wheat and cotton as well.

"In three years, the value of the soybean crop has increased by more than 50 percent -- from \$1.1 billion to \$1.8 billion -- and a healthy chunk of that increase has gone into the farmers' pocket...the place where increased income should go.

"This is progress we all want to continue, and I appreciate your advice...and that of every informed person...as I weigh all factors in making a decision. I have yet to make it, and being with you will give me a better understanding of all the factors that must be considered in making a judgment.

"I can tell you the decision will be made with confidence in the prospects for continuing expansion of soybean markets. The key factor is a price level at which farmers will continue to raise soybeans with adequate returns, and at which soybeans and soybean products will continue in a good competitive position in both foreign and domestic markets."

Secretary Freeman also reviewed the overall farm income picture, and prospects for the period ahead.

"The soybean program, and the programs and actions affecting feed grains, wheat and other commodities taken to increase farm prices and income, helped raise 1963 farm income some \$3.2 billion -- or about 8 percent above 1960.

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Cumulatively, gross farm income in each year since 1960 has increased about \$8 billion...meaning more income for farmers to buy the things they need.

"This is the progress side of the picture. On the other side, we are deeply concerned that the cost-price squeeze continues to erode away the farmers' overall net income position.

"No one is more concerned with this fact than President Johnson. He emphasized his awareness in his farm message, and will seek in every realistic way to help the farmer deal with the problem."

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AGRICULTURE AND THE ALLIANCE FOR PROGRESS

0.17, 1964
President Johnson yesterday paid tribute to the ideals of the Alliance for Progress, and to its basic principles of economic development under free institutions and a common belief in the dignity of man. He challenged us to move ahead toward the achievement of those ideals and principles with new vigor and renewed confidence. He called on us to emphasize: (1) increased cooperation; (2) self help; and (3) the pursuit of social justice.

American agriculture has much to contribute to the principles and goals of the Alliance for Progress. This Administration is determined to pursue policies under which its maximum potential contribution can be realized. But before presenting a brief summary of these policies, I should like to point out the very significant role of agriculture in economic growth.

This emphasis on the role of agriculture is -- I believe -- of utmost importance in any consideration of programs to stimulate economic development in emerging nations. Yet it is a role that has too often been neglected -- with unfortunate consequences. Even in the United States we tend to fail to recognize the enormous contributions that agriculture has made to our economy. And developing nations, planning their own accelerated growth, tend to look upon new industry as far more dramatic than increased agricultural productivity. It is only within the last few years that

Address by Secretary of Agriculture Orville L. Freeman at the Conference of Alliance for Progress Ambassadors and Aid Directors, Department of State, Washington, D. C., March 17, 1964, 3:30 p.m. EST

economic analysts have come to recognize the fact that industrial development must be accompanied by a growing, productive agriculture.

This is true for several reasons.

In the first place, agriculture is important because 50 to 80 percent of the people in most developing nations are engaged in cultivating the soil. There can be no possibility of achieving social justice, one of President Johnson's three major points of emphasis, unless these people are given the opportunity to become a part of the growing economic advance.

In the second place, agriculture is important because food is a primary human need that is seldom adequately met in underdeveloped countries. Hunger and malnutrition are prevalent, and when the beginnings of industrial progress serve to raise the income level, that increase is immediately transferred into an increased demand for food. Recent studies of food purchases in India clearly demonstrate this, when it was found that if the average family income is raised by one dollar, more than 50 cents of that is spent for food and fiber.

In a free society, as the demand for food goes up, prices to the consumer rise. This in turn creates strong pressure from industrial workers for increased wages, and the country is soon involved in a cost-price inflationary spiral. As the inflation gains momentum, development investment plans fade because foreign capital goes elsewhere and local investment funds go into hiding abroad or are hoarded at home.

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Thus a neglect of the role of agriculture in a developing nation can seriously handicap industrial growth, and will deprive a majority of the people of that nation of their share in a chance for progress.

On the other hand, progress in agriculture will promote economic growth in such countries just as it has done in the United States. As American agriculture became more productive it provided capital for investment and manpower for industry. It provided one of our greatest markets for the products of industry. It produced for export and for foreign exchange. And it provides the consumers of this nation with more and better food and fiber at lower cost than have ever before been available to any people on earth.

This is a measure of the potential role of agriculture in all of the developing nations in the Alliance for Progress.

I would turn now to highlight the policies of the United States that are directed toward a realization of this potential role.

First, we are sharing our abundance in food and fiber through our Food for Peace Programs. We are not cutting back these programs -- but are asking for appropriations for Public Law 480 at about the same level as for the past three years. Because some recipient countries are now at the stage where they no longer need as much as they have been receiving, this will allow us to step up our programs where the need is greater.

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We have, for 10 years, used our P. L. 480 programs to allay hunger and malnutrition and to meet human needs resulting from emergencies. We continue to do this. But in recent years we have emphasized the use of food as a positive factor in economic growth -- to provide capital, to provide part payment for work, to further educational and social development.

Operation Ninos is one of the most promising illustrations. Under this program P. L. 480 is providing school lunches for some 10 million children in Latin America. By the end of this year we expect it to reach 12 million, or one out of three of the school age children.

Inspiring stories are told of the increased school attendance that these school lunches bring about. The self-help factor that President Johnson emphasized yesterday is remarkably demonstrated by the contribution to this program by the Alliance countries of an equivalent of \$13 million worth of local support in the form of equipment, supplies, and services. This is an investment in human capital that will pay rich dividends in the future.

A different kind of development program is illustrated in Colombia, where temporary assistance is being given in the form of Food for Peace commodities for use in a resettlement and rehabilitation program for displaced rural families. The Government, in cooperation with

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the Federation of Coffee Growers, is undertaking the program, which includes clearing land for cultivation, construction of access roads, and the establishment of training centers to provide vocational education in agriculture.

This kind of project embodies all three of the principles emphasized by the President. It involves international cooperation and cooperation with both private and public agencies. It incorporates the principle of self-help, not only on the part of the Government, but on the part of the settlers. It is directed toward creating new opportunity for social and economic gains for displaced rural families.

These same principles are likewise incorporated in Ecuador, where Food for Peace is supporting Civic Action programs under which local military forces, community leaders and volunteer workers are cooperating in building schools, roads, and airstrips, and in clearing land for resettlement.

As we work together within the Alliance for Progress in the development of projects of this kind, whereby the food that we can contribute can be used to generate capital, to foster community development and improvement, to promote education, and to help solve land tenure problems by resettling people on land of their own we will learn how to do the job better and more effectively. We will discover new ways and new opportunities. This new and growing use of food as capital investment in developing countries throughout the world is a new challenge to use our agricultural abundance as a substantial contribution to economic growth and progress.

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Of even greater importance, however, in the long run, is the potential contribution resulting from technical assistance, assistance directed toward the development of a high degree of agricultural productivity within the Nations of Latin America. Here, too, agriculture in the United States has much to contribute, and the Department of Agriculture has recently set up the International Agricultural Development Service through which to mobilize the resources of the Department more effectively to that end. Thus we are able to work more effectively with the Agency for International Development, which is responsible for technical assistance of this kind. Some examples may illustrate the kind of work under way.

U.S. AID/Bolivia has requested a five-man USDA/Land-Grant College team for two months to analyze the total Bolivian Agricultural situation and to determine in what ways the Department and a Land Grant college could help in improving Bolivian agriculture. Team members are now being selected.

U.S. AID/Brazil and the USDA are negotiating a Participating Agency Service Agreement. Under the terms of the agreement the Department will provide resident technicians in the fields of marketing, cooperatives, agricultural economics and agricultural credit. The number of technicians will increase from 6 in fiscal year 1964 to 17 in fiscal year 1965.

The Department has three resident technicians in El Salvador under an agreement with the AID Mission. They are working in the fields of marketing, land tenure, and agricultural research and extension.

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U. S. AID/Paraguay and the Department are in the process of negotiating a Participating Agency Agreement under which the Department will provide eight specialists to work in the fields of marketing, cooperatives, forest utilization and agricultural credit.

A survey team consisting of two USDA and two Land-Grant College officials is now in Nicaragua, assessing the agricultural developmental needs of that country. Recommendations of the team will form the basis of future work by the Department in Nicaragua.

A technical marketing team of four USDA and one AID officials is now in Guatemala assisting the AID Mission and the Guatemalan Government in its development of an internal marketing system, marketing facilities and a statistical reporting service.

As a result of an earlier survey the Department is now recruiting from its ranks three supervised credit technicians to assist Colombian officials in a newly-developed credit program for small farmers. A more general agreement between U. S. AID/Colombia and the Department is in process of negotiation. Under this agreement it is expected that the Department will provide eight or 10 specialists in the fields of cooperatives, marketing and land use planning.

By mid-year the Department will have four technicians -- two economists, one credit supervisor, and one marketing specialist, in Ecuador.

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The USDA agricultural training programs -- for agricultural leaders from Latin American countries -- have assisted 2,887 people during the past five years. These agricultural leaders have been from all subject matter fields, but the most heavily represented fields have been credit, cooperatives, and extension. At the present time 450 agricultural leaders from Latin America are in the U. S. taking part in agricultural training programs with the assistance of the USDA.

Our technical assistance programs include all aspects of agricultural production: insect control, crop improvement, plant and seed selection, animal husbandry, and such emergency operations as a recent appeal for help in combating the bark beetle infestation that is threatening timber production in Honduras. They include irrigation and drainage. They include food processing methods.

One of the most important aspects of technical assistance is the field of institutional development. Help in solving land tenure problems and in providing agricultural credit is of great significance in promoting growth under free institutions. The development of cooperatives can build democratic ideals while it contributes to the economic well being of members. Development of processing and marketing systems can help to bring about higher standards of living.

We do not believe that our particular and specific methods and techniques are always the right ones for other peoples under other circumstances. Just as our agricultural scientists can help to adapt plants

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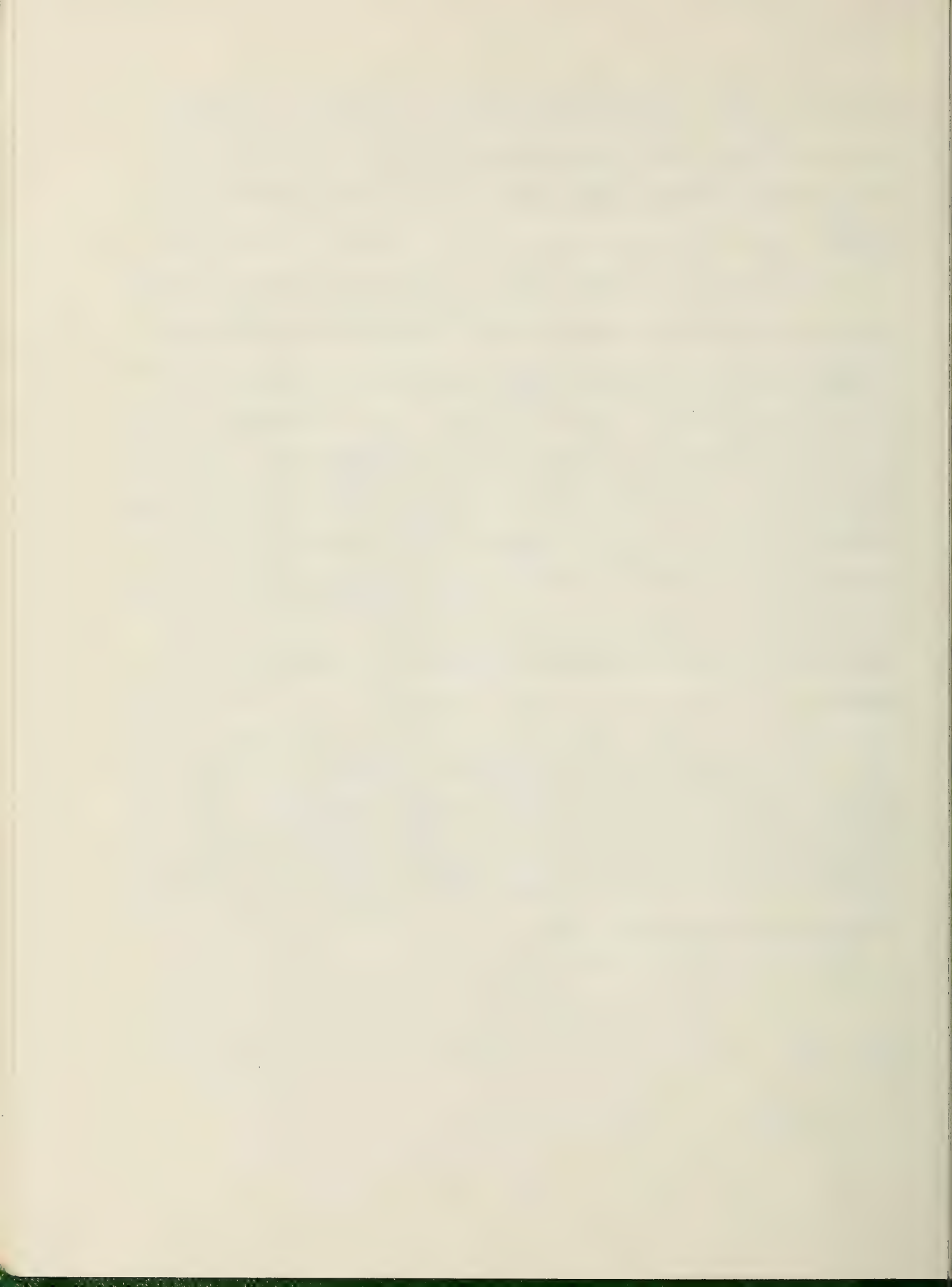
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and animals to other soils and other climates, so are our economists now studying production factors in underdeveloped countries to discover what are the limiting factors and what would make for greater progress and efficiency.

We do believe, however, that the fundamental principle on which agriculture in the United States is based -- the principle of individual enterprise under which the man who cultivates his own farm has the incentive to seek progress because he and his family can thus achieve higher levels of living -- has proved its superiority over any other system. And thus we believe that a third contribution that American agriculture can make -- in addition to the sharing of our abundance and the sharing of the know-how that makes that abundance possible -- is the principle of free enterprise that was expressed so eloquently by President Lyndon Johnson when he said: "The best fertilizer on any farm is the footprint of its owner."

If we can help to bring that concept to millions of campesinos in this hemisphere as we help to bring them greater productivity, and an opportunity to achieve higher standards of living, we will indeed have contributed to social justice and human dignity. And we will have helped to make our own freedom more secure.

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Statement of the Honorable Orville L. Freeman
Secretary of Agriculture
before the

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NATIONAL AGRICULTURAL LIBRARY

Special Subcommittee of the House Committee on Education and Labor
on H.R. 10440

APR 13 1964

March 20, 1964

C & R-ASF

Mr. Chairman, Members of the Committee:

I am glad to appear before you in support of H.R. 10440, the
"Economic Opportunity Act of 1964".

To me, the most important single sentence in the bill is in section
2. That sentence reads: "It is therefore the policy of the United States to
eliminate the paradox of poverty in the midst of plenty in this Nation..." It
pledges that we will not tolerate simultaneously unmet need on the one hand
and unused capacity on the other.

We have the resources to abolish poverty -- what has been missing is
a national commitment. H.R. 10440 expresses that commitment. It pledges this
nation to an unconditional war on poverty -- for as long as it takes, using
whatever means must be employed, until the goal is won.

No declaration of national purpose ever made by the Congress --
even the declaration contained in the Employment Act of 1946 -- has been more
significant, or will have so great an impact upon the quality of American
life.

Nearly half the poverty in the United States is in rural America.
The proportion of families living in poverty is nearly twice as great in the

country as in the city. One out of every three rural families has a cash income under \$3,000 a year. There are in this country no less than 190 counties where more than half of all rural families struggle to get by on less than \$2,000 a year -- \$40 a week.

In this rich nation, there are many communities -- and some entire counties -- where almost every family is suffering from deprivation.

Rural poverty is even more invisible than urban poverty. It lies literally off the beaten track. The rural poor live on the side roads, in the clay hills and coastal plains of the South, in the hollows of Appalachia and the Ozarks. They are not seen as you fly across this nation at 20,000 feet, or as you speed across the turnpikes.

But they are there. They are invisible, and neglected and forgotten.

We are proud of the system of farm price supports which has been constructed in the last 30 years. It has prevented, and is preventing, thousands of rural families from sinking into poverty.

But the people of whom I speak are those subsistence farmers who grow so little that even with price supports their farm income is insignificant.

The people of whom I speak are the former sharecroppers who have become day laborers with the mechanization of the cotton fields -- and with

day labor assured for only a few weeks each year. The people of whom I speak are the migrant families who follow the harvest north, earning through a hard summer's work less than enough to keep them through the winter. The people of whom I speak are the ex-farmers who have drifted into rural villages, and their children, who live on whatever work they can find in a depressed rural economy.

More than half of all rural poverty is in the South, but every region has a share. I submit for the record a map showing the counties where rural poverty is concentrated and a table showing the distribution of families with income under \$3000, by region and by place of residence -- urban, rural nonfarm, and farm.

Families with less than \$3,000 income and persons in these
families, number and proportion, United States,
by region and residence, 1960

Residence	: United States	: Northeast	: North Central	: South	: West
	<u>Number of families (thousands)</u>				
Total-----	9,650	1,630	2,451	4,471	1,098
Urban-----	5,227	1,228	1,245	1,994	760
Rural-----	4,423	402	1,206	2,477	388
Nonfarm-----	2,853	330	625	1,647	251
Farm-----	1,570	72	581	830	87
	<u>Number of persons (thousands)</u>				
Total-----	31,775 ^{1/}	4,762	7,460	16,305	3,313
Urban-----	16,024	---	---	---	---
Rural-----	15,751	---	---	---	---
Nonfarm-----	9,858	---	---	---	---
Farm-----	5,893	---	---	---	---

Source: U. S. Census of Population, 1960.

^{1/} Regions add to 31,840; difference due to variation in the methods of inflating the sample.

Now, what can be done about rural poverty?

Every title of the bill before you will help.

We must begin, as does H.R. 10440, with the children.

The overwhelming majority of the children of poor rural families cannot look forward to a future on the land. They have almost no chance even to obtain enough capital to begin an adequate farming operation. They must be educated and trained for non-farm jobs -- in or near their home communities if possible, in the cities if necessary.

This point cannot be stated often enough: What we do for the children growing up in rural America today will be of direct benefit to the urban societies of tomorrow.

The farm population dropped from 30.5 million in 1940 to 13.4 million in 1960. It is still going down. And at least 70 percent of all individuals who leave the farm do so when they are under 21 years old.

But in those rural communities that are mired deepest in poverty, the chance is small that their children will leave for the city prepared for city life. These communities as a rule have the weakest schools, the highest dropout rates, the lowest proportion of bright students going on to college. A man who cannot buy shoes for his children rarely gets those children through high school and almost never into college. The waste of human talent that is the result of rural poverty is appalling.

The educational enrichment programs that are contemplated under Title II of H.R. 10440, and the Job Corps, the work-training program, and the work-study program authorized under Title I will be of enormous value in bringing new opportunity to rural children who will never get that opportunity otherwise. They will make the American ideal of equal opportunity come alive for families for whom that phrase has been a mockery.

In administering these titles, the Office of Economic Opportunity and the Departments of Labor and Health, Education and Welfare will encounter especial difficulties in bringing their benefits to rural areas. A small rural community obviously does not have the same resources to prepare a Community Action Program as does a large city. Special attention will be necessary to assure that rural areas of greatest need are placed on an equal footing with urban areas.

The Department of Agriculture stands ready to put our resources at the disposal of the President and his chief of staff, Mr. Shriver, to help wage the war against poverty in rural America.

The Cooperative Federal-State Extension Service, which has proven so effective in the last half century in helping American farmers become the most productive in the history of the world, is already directing an increasing share of its attention to the problems of rural families at the bottom of the income scale.

The Farmers Home Administration exists for the specific purpose of combating rural poverty, by providing supervised credit on reasonable terms to low-income families who otherwise could not get credit on any terms.

Its entire field organization, which extends into nearly every rural county in the United States, is available to provide both leadership and expertise.

The Agricultural Stabilization and Conservation Service, the Soil Conservation Service, the Farmers Cooperative Service, and other agencies of the Department will participate.

In some 2,000 of America's 3,000 counties, community leaders have formed development bodies, usually called Rural Areas Development committees. During 1963 alone, more than 75,000 local citizens in the small towns and rural communities of the Nation were taking part in organized Rural Areas Development programs. They had planned, developed and were carrying forward projects ranging from recreational enterprises to new industry, improved housing, municipal water systems, and other community facilities.

The field personnel of the Department of Agriculture and of other Federal agencies, as well as personnel of State agencies, provide technical assistance to these committees through a Technical Action Panel.

Much of the present activity of these RAD groups has a direct impact upon the problem of poverty. In many counties and multi-county areas, these bodies already have the broadly-representative character contemplated in Title II and provide ready-made machinery to begin Community Action planning in their communities.

The whole experience of Rural Areas Development proves that the community action approach does work. The RAD committees have made penetrating analyses of the needs of their communities. They have identified the most urgent actions needed to prevent or to alleviate poverty.

What they have lacked has been money. This bill will provide the financial means to enable rural communities, under their own leadership and mobilizing their own resources of talent and energy, to do those things which they know need doing and which they are eager to do -- but which, with a limited and often shrinking tax base, they simply cannot undertake without the kind of help this bill provides.

I hope that every Community Action Program -- urban and rural alike -- will make the fullest use of the food distribution programs of the Department of Agriculture. In particular, every community should use this occasion to re-examine its school lunch program to make sure that every child who needs a hot meal at noontime gets that hot meal -- whether he can pay for it or not.

School lunches are now available to about three-fourths of the children of this country. Only about one-third of the Nation's children are actually participating. Among the two-thirds who are not benefiting are many of those whose nutrition is the poorest. Japan, by contrast, serves virtually 100 percent of its children. We have enough food in this country to do likewise. Utilization of the school lunch program depends on community initiative, and the Community Action Program -- with its comprehensive approach to poverty in all its aspects -- will be the means, I hope, for providing that initiative where it may have been lacking.

I also hope that each community will have the Food Stamp program available. Expansion of the Food Stamp program as a weapon in the war on poverty was urged by the President in his 1964 State-of-the-Union message.

When the program began operating in mid-1961, there were eight pilot Food Stamp program areas. In the 1962-63 expansion of the pilot program, it was extended to a total of 43 areas. Participation in the Food Stamp program has risen to a total of about 367,000 persons in December 1963.

From the standpoint of conservation, as well as from our interest in youth, the Department of Agriculture strongly supports the Job Corps. I testified before this Committee in favor of the Youth Employment bill, and what I said then I reassert now. The Job Corps, however, is bigger, and broader, and more effective from the standpoint of education and training, and therefore even more deserving of your support.

The Forest Service presently has 40 to 50 National Forest camps which could be made available promptly for Job Corps enrollees. Others can be constructed rapidly, as was done during the early days of the Civilian Conservation Corps.

The need for additional work in the National Forests is almost limitless. We can readily employ from 10,000 to 25,000 young men a year in constructing multiple-use roads; building campsites and picnic areas and recreation facilities; planting trees; improving timber stands through thinning and pruning; cleaning up streams; clearing debris and other fire hazards; and improving the range, wildlife, and soil and water resources of forest lands.

The National Forests belong to us all. They are summer playgrounds for tens of millions of Americans. Camping, hunting, fishing, hiking, swimming, skiing -- all these the National Forests offer, and can and must offer in ever-increasing measure. The Job Corps will not only help the youth it serves, but it will enrich us all by making more valuable the 186 million acres of forest lands which are ours to use and enjoy.

Young men employed on Forest Service projects will learn to operate heavy equipment, will learn carpentry, masonry, pipefitting and plumbing, will gain a knowledge of basic surveying and mechanics, will learn something about forestry and entomology and wildlife management and cooking, and will gain some proficiency at record-keeping and other types of clerical work. Their work will be combined with more formal educational instruction.

All of the enrollees will profit from the discipline of work. They will learn the work habits that will enable them to keep a job. They will become far more employable. Many will be motivated to resume their educational careers -- either in the residential training centers or in schools or colleges outside the Job Corps.

What I have said about work in the National Forests applies equally to work with State agencies engaged in forestry and in other resource conservation and development projects.

I offer for the record an inventory of specifically needed work projects which would be suitable for the Job Corps in the 805 ranger districts of the National Forest System. (See insert A)

I will devote the remainder of my time to discussing Title III which is specifically designed to deal with some of the problems of poverty peculiar to rural America.

Let me begin by reading some excerpts from a letter written on February 11 of this year by a County Supervisor of the Farmers Home Administration to his State Director. The County Supervisor wrote:

"I am enclosing a copy of the farm and home plan for Charlie Hamlin and would like your advice as to what, if anything, we can do to help this applicant.

"He lives on a small, rugged farm in a remote section of the county and he has never done anything except subsistence farming. Mr. Hamlin also has eked out his income by working for a box factory.

"In 1963 he worked for the box factory for four days a week until he was laid off the latter part of June. He drew unemployment compensation until September and has had no income whatever since that time.

"You will note that he has nine daughters, ranging in age from six months to 21 years. Several of his children do not even own a pair of shoes and none of them have enough to eat. Due to the location of their farm they cannot find any full-time off-farm employment.

"We contacted the Welfare Department on his behalf for he felt that if he could be given commodities it would ease the situation somewhat. Under the welfare regulations, however, he is not eligible for any type of assistance. Commodities are given to present welfare clients only. We had thought he might be given some assistance under the 'Aid to Dependent Children' program but were told that unless one of the parents was either unemployable, deceased, or had deserted the family, there was no way to assist minor children under this program.

"The family is undernourished and poorly clad, but if I make an FHA loan of \$500 there is no way I can work out a farm plan showing that he can repay such an amount."

Charlie Hamlin is not a fiction; he is a very real American farmer, and there are many tens of thousands like him.

Mr. Hamlin is 49 years old. He owns 90 acres of land. It is poor land, but it can produce something. Yet Charlie Hamlin is not farming that land, because he does not have the money for seed, fertilizer, and livestock. So he came to us for an operating loan, and we had to turn him down because he is not credit-worthy.

Last year, the Farmers Home Administration made or insured loans to 112,000 farm families, of whom 90 percent were either below the poverty line or threatened with dropping below that line if they were not assisted. We lend only to farmers who are turned away by other lenders. Yet our collection record is better than 99 percent. We make only hard loans, and Charlie Hamlin is not credit-worthy because his total net income last year was only \$715, for his family of 11, and his total debts are three times that much -- \$2,277.

We asked our County Supervisor to go back and analyze the case of Charlie Hamlin further. He concluded that with a one-time capital input of \$1,260 -- for seed, fertilizer, 10 beef cows, and fencing -- Mr. Hamlin could raise his net farm income from practically zero to \$1,960 a year. Allowing \$445 a year for amortizing his old debts, that would leave him \$1,515 for family living. That is not much, but it is more than double the \$715 his family of 11 lived on last year.

Section 302 of H.R. 10440 is specifically designed for the Charlie Hamlins of this country. It authorizes small grants for farmers in those circumstances where otherwise they have no capacity to repay loans. In Mr. Hamlin's case, a grant of \$1,305 would give him a new start toward becoming a successful farmer.

I offer for the record the analysis of Charlie Hamlin's case, showing how the amount of the grant was calculated. (See Insert B)

How do we justify just giving a man \$1,300? On two grounds:

First, it is the only way to get the Charlie Hamlin family out of their present desperate poverty and back on their feet.

Second, the alternative is far more costly. If Charlie Hamlin loses his little farm and goes to Chicago and winds up on relief -- as so many have done -- the public assistance payments to his family would eat up \$1,300 in less than five months. The average public assistance payment in Illinois to families on aid to dependent children with able-bodied fathers is \$256 a month, and the Hamlin family would receive more because it is unusually large.

Public assistance payments in this country now total \$4.6 billion a year, and have been rising at the rate of \$1 billion each three years.

Families forced off the land, headed by men with no experience in anything but farming, often illiterate or barely literate, totally unprepared for city life, account for a large segment of this problem. If through small grants -- and the bill limits any family to \$1,500 -- families can be kept on the land, the cost to the taxpayers will be only a fraction of what the movement off the land is costing.

It is far cheaper -- and far better -- to buy a farm family a cow than to buy milk, in bottles, day after day, for the children of that family in the city. That is the essential reasoning that underlies the grant program in Title III. The farmer and his family benefit. The rural community benefits. The cities benefit. And the taxpayers benefit.

I want to insert in the record several other cases, to make clear how the grant authority in Title III would be administered.

The case of John Smith shows how a grant and a loan can be combined. On his 80-acre farm, net income can be raised from \$850 last year to \$1,630 annually with a capital input of \$2,705. But, with his higher income, John Smith acquires some debt-paying ability. He can use \$140 a year to amortize a loan of \$1,700, reducing the need for a grant to \$1,005.
(See Insert C)

The case of Charles F. Green, a young tenant farmer, shows how a grant of \$780, combined with an operating loan under present authority, can enable him to raise his net income from \$830 last year to \$1,745 annually.
(See Insert D)

The case of Abraham Williams shows how a grant of \$483, combined with an operating loan of \$1,025, would make possible an increase in family income from \$955 last year to \$1,700 annually. (See Insert E)

The cases I have cited are all actual families who have applied to the Farmers Home Administration and had to be rejected. The next two cases I will cite are hypothetical.

The case of Henry Jones shows how a grant would be made for a small non-farm enterprise, in this case a welding shop in his barn. A grant of \$785 would enable Mr. Jones to raise his income from \$1,000 last year to \$1,500 annually. (See Insert F)

In the case of James Rowe, a grant of only \$200, combined with a loan of \$800, would enable the family to raise its income from \$1,170 last year to \$2,590 annually. (See Insert G)

Let me repeat: All of these are typical of problems faced by actual families. They represent, in every case, people who could not qualify for credit from the Farmers Home Administration under existing law. In each case, the grant was calculated on the basis of a specific farm management and home budget plan worked out by the FHA County Supervisor. In each case, the grant makes possible a permanent increase in the family's income-producing capacity. And it is entirely possible that in the future, with their debt-paying ability restored, some of these families can qualify for regular FHA credit, expand their operations, and climb further up the income ladder.

Without the help this bill would authorize, it is difficult to see how these families have any hope at all -- either on the farm or, if they leave the farm, in the city.

We estimate that about 1 million of the 1.5 million farmers in the poverty group have no future anywhere but on the farm -- because their lack of education, their lack of skill or experience in anything but farming, or their age, or a physical handicap, or a combination of these make them unlikely candidates for re-training or for success in city life. The young

people in the poverty class can be re-trained, and many of them may have to leave their home communities. But the 1 million farmers are "boxed in". The only opportunity for a better living for them and their families is right where they are -- on their farms.

Section 302 provides the means to make that possible. We estimate that 45,000 families could be assisted during the first year. Section 303 tackles a related problem -- that of farmers without land. It would enable some sharecroppers, tenants displaced by machinery, farm laborers, and young people to become farm owners.

In the old days, a farm boy started out as a laborer, progressed to renting a farm, then gradually gained ownership of his own farm. Sometimes he was helped by his folks, sometimes he did it all himself. A good heart, a will to work, and a farm background were the keys to success. But today this traditional ladder of agricultural progress is tottering.

Speculative pressures on the price of good farm land are driving it beyond the reach of all but the larger farmers, farmers with off-farm income, business and professional men, and large organizations. The value of farm land has been rising at the rate of 3 percent each year. Last year, 34 percent of all farm real estate sales were to non-farmers. The Nation's 100,000 largest farms now control one-quarter of all farm land.

The Nation's poorest farm families are being pushed completely out of the race for the fundamental resource of agriculture - land. They can get a loan reflecting the normal value of the land for farming, but they cannot raise the money to cover the difference between its normal value for

farming and the market value. And the Department of Agriculture is helpless to provide its credit services to these families at the bottom of the ladder.

Section 303 proposes a direct assault on this key modern agricultural problem. It authorizes a program of loans and grants to state and local nonprofit corporations which will enable them to purchase and resell farm land to low-income family farmers. They would buy at the going market rate. They would sell at normal or appraised value of the land.

Any loss the corporation might sustain would be made up through grants authorized by Section 303. This approach is analogous to that of urban renewal, which likewise provides capital grants to cover the difference between the cost of the land and its true value for its new use. Unlike urban renewal, however, Section 303 would provide only for voluntary purchases without condemnation. In the first year, some 2,500 carefully selected families could be assisted.

Finally, Section 304 proposes that credit and technical assistance be extended to organize and fund small cooperatives made up mostly of low-income rural families or to strengthen already existing cooperatives serving this group.

Since the 1930's, it has been the policy of the Federal Government to encourage and promote cooperatives. Nevertheless, there is still no practical method of financing cooperatives serving low-income people in the early, try-out stages; cooperatives that are weak financially, or require financing beyond the capacity or authorization of existing institutions, both public or private. This credit gap is especially harmful to low-income rural people. They often are isolated. They do not and cannot organize and

finance such institutions for themselves. Most in need of strong marketing, purchasing, and service organizations, they are least likely to be in a position to organize and support such organizations.

Initially, under the program proposed by the bill before you, new or existing cooperatives serving between 10,000 and 15,000 low-income rural families would be funded. They might include enterprises to process and market farmers' products; process, transport, and sell timber products; purchase farm supplies; provide cold storage and packing facilities; cooperatively produce and market such farm-related items as handicrafts, furniture, rugs and decorative items.

This program will make up a unified, direct, and well-coordinated assault on the causes of rural poverty. Each part is essential to the success of the whole. Each complements and reinforces the other parts.

It is no exaggeration to say that if we can overcome poverty in the rural areas of the nation, we will eliminate once and for all the major source and fount of the problem throughout the nation. For the urban poor who are today overwhelming our cities are the rural poor of yesterday, or the children of the rural poor of a generation ago. And the rural poor of today, and their children, are the urban poor of tomorrow.

The recommendations contained in H.R. 10440 are among the most meaningful ever proposed in this nation to wipe out poverty, and the eroding effects of poverty, on the thousands of weather-beaten inadequate farms that still mar this lovely country-side of ours.



Insert (A)

Inventory of Work on National Forest Lands
Suitable for Assignment to the Job Corps

<u>Type of Work</u>		Non-Recurrent Work Total <u>Man - Years</u>
<u>Non-Recurrent Work</u> (Project Work)		
Reforestation	Seed or plant 4 million acres of non-stocked and poorly stocked lands.	39,500
Timber Stand Improvement	Pruning, weeding, thinning, and release cutting on 25 million acres.	85,000
Recreation Resource Development	Rehabilitate 1,000 campgrounds, picnic, and other recreation sites. Develop 25,000 new campgrounds and picnic sites and construct 250,000 family units. Develop 3,500 recreation sites.	40,000
Wildlife Habitat Improvement	Improve 1.5 million acres of game range, 7,000 miles of stream, 56,000 acres of lakes. Develop 2,000 wildlife watering facilities, 400,000 acres of wildlife openings, food patches, and game ways. Eleven million acres of rodent control.	5,300
Range Resource Development	Revegetation and control of noxious or poisonous range plants and farm weeds on 3½ million acres. Construction of 14,000 miles of fence and 7,500 water developments.	6,400
Soil and Water Resource Improvement	Nine thousand miles of gully and channel stabilization, 1.3 million acres of sheet erosion control, 10,000 acres of dune and blowout stabilization, erosion control on 13,000 miles of substandard roads and trails, 5,600 acres of water spreading, 570 structures for flood prevention and stream pollution control.	9,000
Land Surveys and Boundary Marking	Clear and mark 200,000 miles of property lines.	3,000

Non-Recurrent Work
(Project Work)

Non-Recurrent
Work
Total Man-Years

Forest Fire Protection	Reduce hazardous fuels on 3.5 million acres, consisting of 200,000 acres of debris burning, 300,000 acres of snag removal, 3 million acres of prescribed burning, and removal of roadside fuels on 35,000 acres. Construct 10,000 miles of firebreaks.	6,000
Structural Improvements for Fire and General Purpose	Construct 2,500 housing and related improvements, 2,500 service buildings, 450 lookouts, 10 special structures; betterment of existing structures; replacement of 3,000 miles of telephone line; construction and reconstruction of 60 landing fields, construct 1,800 heliports and helispots.	11,000
Road and Trail Construction	Construct 40,000 miles of multiple-use purpose roads and 7,000 miles of trails	60,000
Total		<u>265,200</u>

Recurrent Work

Recurrent Work
Annual
Man-Years

Forest Fire Protection (excluding fire suppression)	3,500
Insect and Disease Control	1,400
Maintenance of Resource and Administrative Facilities	6,300
Total	<u>11,200</u>

OPERATING GRANT

CHARLIE HAMLIN - Age 49 - 9 children - ages 1 to 21 years.

This applicant owns 90 acres of land, 25 of which are cropland.

Total Assets	\$7,005	Total Debts	\$2,277
Income Last Year	\$965	Family Living Expenses	\$715
Farm Operating Expenses	\$250		
Annual Payment on Land Debt	\$200	Bank debt	\$185

Proposed Budget	First Year	Typical Year
A - Crop and Livestock Income	\$1,790	\$2,050
Other Income - Off Farm	800	800
Gross Income	\$2,590	\$2,850
B - Family Living Expenses	\$1,300	\$1,500
C - Farm Operating Expenses	890*	890
D - Debt Payments Necessary to Retain Income Producing Property and Home	445	445
E - Capital Investment to Produce Estimated Income	1,260	0
B+ C+ D+ E	\$3,895	\$2,835
Difference or Amount of Grant	\$1,305	+14

*Note: Farm operating expenses are being increased for purchase of fertilizer, seed, etc., which will increase crop income to \$1,150 and 10 beef cows are to be added which will increase livestock income by \$640. FHA proposes to make a loan of \$500 for farm operating expenses which can be paid from year's income. It will require a grant of \$1,305 for purchase of cows and fencing.

The target income for the typical year was arrived at by planning the best use of the land resources available to the applicant. It was determined that this farm would carry 10 beef cows which, together with cash crops, would produce the estimated income.

- Insert (C)-

LOAN AND GRANT FOR REAL ESTATE IMPROVEMENT
AND PURCHASE OF COWS

JOHN SMITH - Age 43 - Wife 37 - 5 young children

Mr. Smith owns an 80-acre farm that now produces a very small farm income and will continue to do so unless the family has the opportunity to obtain the necessary capital along with farm management assistance to do some development work that will increase the livestock carrying capacity of the land. Capital will also be needed to purchase a few additional cattle to help the family increase their farm income and food supply.

Mr. Smith's Situation Last Year:

Total Income, farm and labor	\$1,150	Total Assets	\$4,000
Total Expenses, Paid	1,150	Total Debts	3,950
Family Living \$850	Paid	RE (Annual Paym't,	2,800
Farm Operating 300	Paid	\$200)	
		Other Debts (Annual	
		Payment, \$190)	1,150

<u>Proposed Budget</u>	<u>First Year</u>	<u>Typical Year</u>
A - Crop and Livestock Income	\$ 975	\$1,730
Other Income	560	550
Gross Income	\$1,535	\$2,280
B - Family Living Expenses	850	1,100
C - Farm Operating Expenses	300	650
D - Debt Payment Necessary to Retain Income Producing Property and Home	390	390
E - Capital Investment Required to produce Typical Year In- come of the Applicant	2,700	0
	\$4,240	\$2,140
Difference	- 2,705	140
\$140 Typical Year Net will pay an Amortized \$1,700 Loan	1,700	
Grant Necessary	\$1,005	

The \$2,700 capital investment in "E" above includes the clearing, fertilizing and other pasture improvement at a cost of \$1,500 and the purchase of 6 milk cows at a cost of \$1,200. The addition of the 6 milk cows will, during a typical year, increase the income from the sale of milk from \$210 to \$1,110. There will also be 4 more calves for sale increasing the calve sales from \$80 to \$240 or a total increase in farm income of \$1,060. The hog income will remain the same at \$380. This increased income is made possible by developing the present farm to its maximum livestock carrying capacity. In a typical year there will be a net income of \$140 available for payment on capital improvements.

The case of Charles F. Green, a young tenant farmer, shows how a grant of \$780, combined with an operating loan under present authority, can enable him to raise his net income from \$830 last year to \$1745 annually.

GRANT COMBINED WITH OPERATING LOAN

CHARLES F. GREEN - Age 33 - Three children

Tenant farmer, pays one-fourth of crops for rent.

Good operator but has inadequate resources.

Total Assets - \$1,210, including tractor. Total Debts - \$875

1963 Crops - 1 acre tobacco, 5 acres cotton, and 7 acres corn.

Has 10 acres good pasture land.

1963 Farm Operating Expenses - \$800

1963 Income - \$1,630

<u>Proposed Budget</u>	<u>First Year</u>	<u>Typical Year</u>
A - Crop & Livestock Income	\$2,540	\$2,600
Other Income - Off farm	130	130
Gross Income	\$2,670	\$2,730
B - Family Living Expenses	\$1,300	\$1,400
C - Farm Operating Expenses	985	985
D - Debt Payments Necessary to Retain Income Producing Property & Home	365	300
E - Capital Investment to Produce Estimated Income	800	0
B+C+D+E	\$3,450	\$2,685
Difference or Amount of Grant	\$ 780	\$ +45

NOTE: Farm operating expenses are being increased for fertilizer, seed, etc., which will increase tobacco and cotton income, and also the production of corn for feed for livestock. FHA proposes to make a loan of \$600 for farm operating expenses and \$500 for family living expenses. Grant of \$780 is required for the purchase of 4 cows, 2 sows, 1 farrowing house, and fencing. The target income was determined by planning the maximum production from the available acreage, utilizing the family's abilities, and good management practices.

The case of Abraham Williams shows how a grant of \$483, combined with an operating loan of \$1,025, would make possible an increase in family income from \$955 last year to \$1700 annually.

OPERATING LOAN AND GRANT

ABRAHAM WILLIAMS - Age 51 - 9 children - 2 years to 22 years

This applicant is a tenant operator on 54 acres of land, 30 acres of which are cropland. He pays one-fourth of cotton as rent plus \$50 for the feed cropland.

Total Assets	-	\$1,744	Total Debts	-	\$300 to Bank
Income Last Year	-	955	Family Living Expenses	-	600
			Farm Operating Expenses	-	250
			Payment on Debts	-	90

<u>Proposed Budget</u>	<u>First Year</u>	<u>Typical Year</u>
A - Crop and Livestock Income	\$2,257	\$2,300
Other - (off-farm)	<u>200</u>	<u>200</u>
Gross Income	\$2,457	\$2,500
B - Family Living Expenses	\$1,500*	\$1,500
C - Farm Operating Expenses	780*	800
D - Debt Payments Necessary to Retain Income Producing Property	200	125
E - Capital Investment to Produce Estimated Income	<u>460</u>	<u>0</u>
B+C+D+E	\$2,940	\$2,425
Difference (Amount of Grant Required)	\$ 483	+75

*NOTE: The target income for the typical year was arrived at by planning the enterprises that could be developed with the land resources available and within the ability of the family to operate. It was determined that this farm and the operator could handle 4 brood sows with pigs finished to 200 pounds and 2 milk cows plus his cash crops. A grant is proposed for the purchase of 3 sows, 2 cows, and farrowing pens. Increased amounts of insecticides, fertilizer and good seed will be used to improve crop yields. FHA proposes to loan \$500 for family living and \$525 for farm operating expenses which can be paid from year's income. After paying outstanding debts applicant will not have sufficient net income to repay a loan for the capital investments required.

The case of Henry Jones shows how a grant would be made for a small non-farm enterprise, in this case a welding shop in his barn. A grant of \$785 would enable Mr. Jones to raise his income from \$1000 last year to \$1500 annually.

GRANT FOR REAL ESTATE IMPROVEMENTS
(Nonfarm Enterprise)

HENRY JONES - Age 41 - 9 children

Mr. Jones owns a 40-acre farm, 2 cows, 1 mule and \$400 worth of farm equipment. Last year he was able to supplement his farm income with a few days work in a welding shop amounting to \$500. His farm is located 40 miles from the nearest town. The agricultural potential of the farm has been fully developed.

Income Last Year	\$1,350		
Family Living Expense	1,000	Total Assets	- \$4,300
Farm Operating Expense	350	Total Debts	- 4,000
Annual Payment Land Debt	\$250	Total RE Debt	- 3,000
Other Debts Annual Pay't	\$150	Total Other Debts	- 1,000

<u>Proposed Budget</u>	<u>First Year</u>	<u>Typical Year</u>
A - Crop and Livestock Income	\$ 850	\$ 850
Other Income	<u>1,000</u>	<u>1,200</u>
Gross Income	\$1,850	\$2,050
B - Family Living	\$1,000	\$1,100
C - Farm Operating Expense	435	535
D - Debt Payment Necessary to Retain Income Producing Property and Home	400	400
E - Capital Investment Necessary to Produce Typical Year Income	<u>800</u> \$2,635	<u>800</u> \$2,035
Difference	<u>- 785</u>	+ 15
Grant Necessary	\$ 785	0

The location of the farm and this farmer's ability to do welding provides an opportunity to establish a welding shop in his barn. Cost of renovating barn and starting the shop will be \$785. This must be a grant an income will not be available to repay any further indebtedness. The addition of the welding shop will permit Mr. Jones to increase his off-farm income from \$500 to \$1,200. Loan repayment will begin the year following the first year of farm operation.

In the case of James Rowe, a grant of only \$200, combined with a loan of \$800, would enable the family to raise its income from \$1170 last year to \$2590 annually.

LOAN AND GRANT FOR REAL ESTATE IMPROVEMENTS
(nonfarm Enterprise)

JAMES ROWE - Age 43 - Wife 39 - 6 Children

Mr. Rowe lives on a 100-acre hill farm that he is buying from a local bank. The farm prior to his purchase was acquired by the bank through foreclosure. The dwelling is large but needs repair. His chief source of income at present is obtained from the sale of pulpwood, 10 acres of cotton and small earnings from serving as a guide for hunting parties.

Mr. Rowe's Situation Last Year:

Income Last Year	\$1,520	Total Assets	\$4,545
Family Living Expenses	1,025	Total Debts	3,775
Farm Operating Expenses	350	RE (Annual Paym't \$184)	2,400
		Other Debts	1,375

<u>Proposed Budget</u>	<u>First Year</u>	<u>Typical Year</u>
A - Crop and Livestock Income	\$1,120	\$1,120
Other Income	700	1,920
Gross Income	\$1,820	\$3,040
B - Family Living	1,185	2,250
Farm Operating	350	450
C - Debt Payment Necessary to Retain Income Producing Property and Home	285	285
D - Capital Investment Necessary to Produce Increase Income	1,000	
	\$2,820	\$1,985
Difference	- 1,000	55
Loan (at yearly amortization of \$55)	800	
Grant	\$ 200	0

The combination grant and loan of \$1,000 is necessary to renovate part of the house to provide overnight accommodation for hunting parties. Mr. Rowe is already in the guide business, but he receives minimum payment for his services. With the satisfactory accommodations and some supervisory help to organize the business, Mr. and Mrs. Rowe's gross income can be increased to \$3,040 per year. This will permit them to have a better standard of living and meet their debt payment including an \$800 loan for a portion of the repairs and modernizing the house to make it acceptable for hunters.

Apr. 8, 1964 I have looked forward to this convocation as an opportunity to do a number of things. First, my visits are too infrequent to the Universities and Colleges, and yet the U.S. Department of Agriculture has many vital and important projects and contacts here. Second, those who will lead agriculture and the Nation tomorrow are here on the campuses today, and I want to know you better. Third, there is great need to clear away the cliches and myths from agriculture in the 1960's, and a University convocation is a good place to start.

I want to do some thinking aloud with you about agriculture... the farmer...the family farm...the rural community...and the role all these elements play in the national economy and in the world arena.

Let me ask this question: "What is American agriculture?" You think about it...and I'll try to answer it.

For one thing, U.S. agriculture is the greatest man-made miracle of history. This is an ambitious statement, but the facts support it.

Fewer than 8 percent of the Nation's workforce is required to provide the food and fiber for the other 92 percent...including one billion dollars worth we distribute to needy families and individuals in this country...and about \$4 billion worth sold each year for dollars to other Nations of the world...and about \$2 billion distributed to people in over 100 Nations through the Food for Peace program.

Remarks by Secretary of Agriculture Orville L. Freeman before the Agricultural Student Council's Agricultural Convocation, University of Maryland, College Park, Maryland, Wednesday, April 8, 1964, at 8:00 P.M.

Much of the history of civilization rests on man's quest for enough to eat. If that is so, then the achievement of overflowing abundance becomes the greatest accomplishment in the history of man.

Today, no Nation provides so abundantly for its food needs at so relatively a small cost as does the United States. The average family eats better than ever before and spends less than 19 percent of its income for this food. Depending on the country, a family in Europe will pay 25 percent to 40 percent. A Russian family must set aside over half its income for food. In the developing Nations, most of the day's work is required simply to obtain enough food to get to the next day.

These people in the newly emerging Nations who know hunger as a daily companion see two roads that say agricultural abundance lies at the end. One road is marked Democracy and the other Communism. Today it is clearer than ever before which road is marked properly, for only one has shown how the miracle of abundance can be achieved.

Probably no greater propaganda victory has ever been scored over Communism than when Russia came to the West to buy wheat...with the whole world watching. In no other area where the West competed with the forces of Communism is so clear a distinction drawn so forcefully between the two systems than in agriculture.

And yet, only in America could such an achievement be so lightly regarded or more consciously overlooked. The farmer properly and understandably may wonder why his city brother takes his food abundance for

granted. He may wonder why success is rewarded with an income that averages only 60 percent of the income received by the non-farmer...and with low esteem as well.

The reason is not too hard to identify, however. I have described American agriculture in terms of its successes. Unfortunately, too many Americans think of agriculture in terms of its problems, of subsidies and surpluses instead of success and superiority. Perhaps if agriculture were not so successful...perhaps if it felt the hot breath of a competitive Russian agriculture on the back of its neck...then public understanding and recognition would be easier to come by. Ironically, American agriculture seems to have been too successful for its own good.

Why should this be so? I'm not sure I know, but let me put forth a few ideas.

First, the ability to produce more than we are able to consume, sell or share is a new dimension in human experience. Understandably it is difficult to comprehend. We sometimes act as though we hope it will go away if we just ignore it. But, no matter how frustrated we feel, the problems of abundance are here to stay.

Second, there are fewer and fewer farmers. This means that the farmer receives less and less attention. Fifty years ago the farmer was heard because in a democracy he had the muscle to make himself heard and his interests understood. He could speak softly because he carried a big stick.

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This is no longer true. The farmer now must inform and persuade; he must do a better job of it than he has in the past. He must recognize the world as it is...and act accordingly.

Frankly this is difficult. Agriculture is changing so swiftly that even those who have spent a lifetime studying the trends of rural America can't keep up with what is taking place. The application of technology, science and mechanization has an even sharper effect on agriculture than automation does on industry. Production per man hour on the farm has almost doubled since 1950...and it means that fewer and fewer people on less land produce more and more food and fiber each year.

This, then, is what abundance has meant to the farmer. The problems it creates will not be solved by wringing our hands...but rather by seeking to use change to benefit all people, including farmers. Basically, if we had our druthers, I think we would choose the problems of abundance rather than the problems of scarcity with which Mr. Khrushchev contends.

There are two things which agriculture must do if it is to find reasonable answers to the problems of abundance. First, it must convince the 11 out of 12 Americans who are not farmers that they too have a vital stake in discovering the answers. And, second, it must define the full problem, and then show there is a logical way to wrestle it to the ground.

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This effort should begin by seeking to make clear that as a people we have been approaching the problems of abundance as though it had only one dimension. It has three dimensions.

Public efforts to solve agriculture's problem have focused only on the commercial ills. Only since 1961 have we stopped brushing aside the human problems of people on less than adequate farms, of communities which need to diversify their economic base, of the widespread cancer of poverty in rural America, and of the changing needs of families and individuals in cities and suburbs for what they want from the land.

We have failed to appreciate that abundance is only a problem when we do not use it properly -- that even in the language of abundance there are no real surpluses so long as there is hunger in this country or in the world.

We have tried to make commodity programs stretch to answer the needs for the rural community as a whole, and for the broad range of needs relating to the use of food and fiber. But no commodity program will help the farm youth who cannot hope to acquire an adequate size family farm...or the young people in rural areas who want to stay and make it their home. And we are only beginning to perceive that programs such as Food Stamps make more effective use of abundance than does the distribution of surplus commodities...or that consumer needs change as the whole food industry changes. Similarly, we have only begun to achieve the real benefits of a sustained and energetic program of trade and aid in our relations with other Nations in the world.

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These are all aspects of a farm program for the 1960's -- and they were drawn in broad outline by President Kennedy in 1962 when he set down a "Food and Agriculture Program for the Sixties." The logic of the program is strong and true, and much of it is taking clearer shape today. President Johnson, himself a farmer and a rancher, has made it an integral part of his program and he is giving it powerful support.

It is a three-dimensional policy, for it recognizes that:

1. Commodity programs -- are designed for the needs of commercial family farm agriculture.
2. Community programs -- are vital to the full development of opportunity in rural America.
3. Food programs -- which serve those who use food and fiber also serve those who produce it. Programs of trade and aid abroad for example will provide a wide avenue on which to move the abundant productivity of the farm.

There are some who say the Nation has tried commodity programs for 30 years, and has had little success. I would challenge both points. We first began to use commodity programs in the 1930's, but they were designed then for a national emergency -- a condition which no longer exists, thankfully. During the 1940's our primary concern was to obtain greater production -- and agriculture responded magnificently as its contribution to the war effort. Our real experience with commodity programs began about 1953, for it was then that we began to experiment with them as instruments to bring balance to an explosively productive agriculture during a relatively peaceful and prosperous era.

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I use the word experiment with care.

There is no tried and true approach to commodity programs, because each commodity requires different techniques and has different needs, and these can change year by year. What is tried and true is the postulate from which we start -- that commercial agriculture built on the foundation of the family farm system will continue to be the most productive and responsive system of agriculture -- and the best social structure for rural America as well. Certainly, the difference between American and Russian Agriculture is most distinct at this point.

So long as we race to keep up with the productivity of the family farm, then we will need commodity programs to protect and stabilize farm income. And this is where farm policy collides with the conventional myth that surpluses are created by farm programs -- if only we didn't have farm programs they would disappear, according to conventional logic. Quite the contrary is true, of course. Farm programs, where they affect the volume of production, reduce it.

But the real implication of the conventional myth is far more serious. It actually says that if only the family farmer would disappear, surpluses would be temporary problems. But then higher food costs would be a permanent problem -- and I do not even mention the far more tragic consequences to individual families and to the structure of rural society.

Another conventional myth blocking adequate commodity programs is the belief that the farmer is -- or, at any rate, ought to be -- the sturdy yeoman, dependent on no one. Yet, until a way is found to stretch the stomach to consume everything the farmer produces at a fair price, some means will be needed to help the family farmer adjust production to the capacity of the stomach. The human stomach is relatively inelastic, and so is the demand for food.

A single farmer cannot adjust his production to fit demand -- something that General Motors or Standard Oil does easily. If he does, he can expect only to earn less by producing less. But when all farmers produce at full capacity, the result is much the same. They earn less because over-production brings low prices for all of them.

The inescapable logic of this circle leads to the conclusion that Lincoln reached over 100 years ago: The government should do for the people what the people cannot do for themselves.

We have sought in this Administration to raise community programs for rural development to equal status with commodity programs. We have sought to emphasize that while commodity programs are vital to the family farm system of agriculture, other needs must be met -- particularly for the farm youth who could not hope to enter farming. For these young people and for those growing up in small towns in rural areas, millions of new job opportunities are needed.

We have set out to meet those needs through a variety of approaches, particularly through a Nation-wide Rural Areas Development effort. We have, in the past three years, had an enormous response to this approach. Today there are over 75,000 persons serving on local RAD committees in over 2,000 counties throughout the country. They know the need of their community and they know what it is capable of achieving...and the Department of Agriculture, together with other Federal departments and agencies, is providing technical and financial assistance to these community groups.

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This includes technical assistance together with loans and grants to convert cropland into recreation areas which better serve urban needs and also provide better income for the farmer. Through the Area Redevelopment Administration, RAD groups can obtain industrial loans for new industry in rural areas, and community facility loans to build and improve sewage and water systems in the community. Through our Department, housing loans for non-farm rural families and for elderly citizens are available in rural areas.

And now we enter a new phase in rural development as rural areas enlist their resources in the Administration's war on poverty. Of those Americans who live in families with incomes of less than \$3,000 a year, nearly half reside in rural areas. And the proportion of families living in poverty in rural areas is nearly twice as great as in the city. They are invisible, and neglected and forgotten.

Of immediate concern are the children in these families. Few can look forward to a future on the land. They have almost no chance to obtain enough capital to begin an adequate farming operation. They will need the opportunity for education and training for non-farm jobs.

But in those communities that are mired deepest in poverty, the chance is small that the children will receive this opportunity. These communities as a rule have the weakest schools, the highest dropout rates, the lowest proportion of bright students going on to college. If a man

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cannot buy shoes for his children, he rarely will be able to get his children through high school and almost never into college. As a result, the waste of human talent because of rural poverty is appalling.

Thus, the educational enrichment programs contemplated under the Economic Opportunities Act will be of enormous value in bringing new opportunity to rural children. They otherwise will never get that opportunity.

This area of need has been one of the most neglected in agricultural policy...and in all national policies until now. It is the area that will be the most difficult to deal with, but this Congress will create this year the institutions that are needed at the national level, and provide the means for communities to create local institutions that are necessary to eradicate poverty from the face of our land.

A phase of the third dimension of the Food and Agriculture program for the Sixties -- trade and aid -- recognizes that if we are to find adequate markets for the farmer, they will be found in existing commercial markets of the world and in the markets we can develop in the future.

Since 1960, we have moved vigorously to expand farm export markets, and in three years have raised farm exports from \$4.8 billion to over \$6 billion a year. The importance of exports cannot be overestimated.

One out of five acres of farmland today produces for export markets. Farmers derive 15 percent of their income from exports while less than 4 percent of our gross national product comes from exports. Farm income makes up only 4 percent of the national income, but farm products represent 27 percent of our exports.

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The most critical problem we face at present to insure the continued growth of farm exports is in our efforts to maintain access to traditional markets in those countries which are members of the Common Market. Shortly, we will begin in Geneva, Switzerland, a series of negotiations commonly described as the Kennedy round. The purpose will be to develop world trade policies which could set the patterns of international trade for decades.

The United States is taking the lead in these negotiations to expand world markets for agricultural products. We will insist on significant liberalization of trade with the Common Market. And, it is increasingly evident that the Common Market seeks to be protectionist in its proposals for agricultural trade.

We have made it clear for many months now that the U. S. will enter into no ultimate trade agreement unless significant progress is registered toward trade liberalization in agricultural as well as industrial products.

The Administration believes we cannot, as a matter of policy, move toward freer trade in industrial products while the terms of agricultural trade lead to stagnation or decline.

Thus, agriculture moves on the world stage as an equal partner with industry, achieving a level of understanding in world affairs which still is lacking here at home.

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I hope it will not be long in attaining this understanding, and I believe that the place we must begin is here in the Universities and Colleges.

It is not that I seek this understanding for the sole purpose that the farmer will receive the esteem he deserves. I seek this understanding so that the Nation can harness the enormous energy of the abundance we have achieved...so that all of us can benefit from the miracle we have wrought - - but which we are unable to use as God must surely have intended that it be used.

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W. 15, 1964 welcome to this Symposium on What the Consumer Wants to Know.

I'm sure you will find it interesting and illuminating.

My function is to set the stage for our distinguished panel members who have come here to lead this discussion and give us the benefit of their experience and knowledge.

It's a particular pleasure for me to welcome Mrs. Esther Peterson, who is doing such splendid work as Special Presidential Assistant for Consumer Affairs.

We in the Department of Agriculture are fully supporting President Johnson's efforts to serve consumers, and we are delighted to be on the same team with you. I personally feel that the Department of Agriculture is making, and will continue to make, a major contribution to the consumer protection team. This is true because the USDA provides multiple services for consumers--more, I'm convinced, than any other agency of the Federal Government.

Some of these activities touch us directly and personally, others less immediately. But not a minute of this day elapses but that some service which USDA performs has helped to make your life, and mine, better, fuller, happier.

Let's begin with the Department's most obvious contribution--that of helping the Nation's farmers provide, now and for the future, bountiful supplies of food and fiber at reasonable costs.

Remarks by Secretary of Agriculture Orville L. Freeman, Food and Home Fair, Jefferson Auditorium, U.S. Department of Agriculture, Washington, D.C., April 15, 1964. (Panel discussion on WHAT THE CONSUMER WANTS TO KNOW) 2 PM (EST)

The statistics, although little known, are fantastic. One hour of farm work in the United States now produces twice as much as in 1950, three times as much as in 1940.

One farm worker in the United States produces enough for himself and 28 others. In Russia, by contrast, one farm worker produces enough for only five or six others.

Behind this achievement is a revolution in farming techniques. Not only has it made abundance to the consumer possible--but abundance at low cost.

Food in the United States is a bargain. American consumers spend less than 19 percent of their take-home pay for food, compared with 26 percent 15 years ago--and get a more varied diet. Compare this to the 50 percent or more that Russians spend, and the 30 percent that the French and English spend--for a much less varied diet.

USDA research and education have helped make food a bargain. If American farmers in 1963 had used the same production methods as in 1939, the cost of producing the Nation's supply of food and fiber would have been \$17 billion higher--more than \$300 per family. If the cost of food had risen as much as the cost of other things the consumer buys (utilities, services, transportation) each dollar worth of food would cost \$1.17.

Not all of this progress stems from activities of the Department of Agriculture. But the USDA has played a major role in this spectacular technological revolution.

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While abundance at bargain prices is our most obvious service, the USDA also serves you in dozens of other less apparent ways.

We can tell you how to improve your lawn, how to find out what will grow best in your garden, how to control insects and disease in flowers or in garden vegetables.

We can help you plan a time-and-step-saving kitchen.

For the do-it-yourself fan, we will explain how to choose lumber for building an addition to your house, how to protect wood surfaces from decay and how often to paint them if you live in the open country.

We can show you how to get rid of termites, ants, roaches--what to look for in choosing clothing--how to plan a nutritious diet--and how to get more for your dollar in the supermarket.

Some of our most important consumer services are our food distribution and marketing programs. You'll hear about them shortly from Assistant Secretary George Mehren. They're under his direct supervision.

He will also tell you something about the many new "convenience" foods--a large proportion of which are the direct result of USDA research.

But I'm going to report to you on some of the lesser known services we offer to improve the American way of life.

One service often overlooked is utilization research. You are all familiar with wash-and-wear cotton shirts and blouses--which, among

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other things, save on ironing for the lady of the house. Perhaps you are not aware that the Department helped pioneer the development of these wash-and-wear finishes for cotton. Our chemists are now working to make these finishes even better.

Stretch socks, slacks, and underwear made of a new stretch cotton are the result of another clothing advance from our laboratories.

And the newest clothing development on the market--shrink-resistant wool--is also a USDA achievement.

New treatments for leather are being reflected in some ultra-stylish leather garments--coats, jackets, trousers, even swim suits.

We have developed remarkable products from wood--some of them just now coming into commercial production. New laminated wood is outstanding for beauty, economy and strength. It's ideal for schools, factories, bridges, and other large structures. Most churches now being built use it for their arches.

A new process for making plywood out of second-growth southern pine is becoming the basis for a growing industry in the wood-rich South. In addition, it provides a new inexpensive product for housing and many other uses.

These are just the latest in a long line of USDA contributions to consumers. The aerosol spray bomb, improved paints, industrial chemicals and coatings, detergents from animal fat, a blood plasma extender, and commercial methods for making penicillin; all these we take for granted.

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All of them owe much to USDA research.

Let's turn now to another area. Almost every American consumer knows that the Department operates farm price and income stabilization programs, or as they are more commonly termed, price support programs. Most consumers have an uneasy feeling that these stabilization programs exist exclusively for the farmers' benefit at the expense of the nonfarming public.

The truth is that our stabilization programs protect the city consumer as well as the farm producer. They have a dual purpose. They assure ample supplies, on the one hand, and reasonable prices on the other. Actually, the stabilization programs for wheat, feed grains, and other commodities are an indispensable bulwark of the American agricultural economy. Without them your food supply would be much less secure than it is today--and your costs for food would be much less stable.

Let me give you an example.

Remember last year when sugar prices looked like they might be heading for a runaway? The Department prevented a price runaway by assuring sugar users of the adequacy of U.S. supplies--an adequacy made possible in part by our sugar stabilization program. When the facts were widely publicized, sugar prices receded to more normal levels.

Another major area of service is the conservation of natural resources. The USDA provides help to farmers and ranchers through more than 3,000 Soil Conservation Districts across the Nation.

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These districts now cover 93 percent of American farmland. They are one of the major reasons why--more and more--our soil stays where it belongs rather than washing down the nearest stream. This is important not only for farmers, but for all of us. Because, if our soil does wash away, or blow away, or flood--the initial loss may be the farmers', but in the end we all lose. Most of us know that.

But few Americans know that each year 1,200 snow surveyors measure the snowpack in remote rugged mountain areas of the northern States and British Columbia. They cover more than 70,000 miles on skis and snowshoes--to determine how much water will be available for irrigation in the coming season. This information helps our western farmers plan their crops and produce high quality fruits and vegetables--for our dining tables.

Few of us know that hundreds of USDA soil scientists are busy mapping the soil throughout the Nation at the rate of about 50 million acres a year. These soil maps are used not only by farmers, but by builders, architects, city planners, engineers, and many others who don't normally think that the Department of Agriculture has anything to do with their work. Soil maps help engineers determine where subdivisions should go and where pipelines should be routed to avoid acid soils and underground rock formation--as well as how to avoid drainage and flood problems and select soils for airports that will stand up to the pounding of jet airliners.

Let me give you a close-to-home example of how failure to use a soil survey cost taxpayers a quarter of a million dollars. Right outside.

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Washington a new school was being built. After construction was under way, it became evident that the ground was unstable. The foundation had to be strengthened -- at an additional cost of \$250,000. The soil survey report showed that a spot only a few hundred feet away and still on the school grounds would have provided adequate support for the school building.

Today in many cities, soil survey information has become a must. As the city manager of San Antonio, Texas, put it, "No official, department, bureau, or agency in San Antonio is now proposing construction without using a soil survey as one of their basic tools."

But let's move on to another area of modern living -- the enjoyment of leisure time.

For many people, to think of leisure time is to think of outdoor recreation -- in the national forests -- the nation's outdoor playground. Last year nearly 125 million people visited the National Forests. As recently as 1950 only 27 million enjoyed these great playgrounds. But how many Americans are aware that the national forests along with the national grasslands are constantly protected, administered, and improved by the Department of Agriculture?

There is at least one national forest within a day's drive of practically any point in the United States. There are three within a day's drive of Washington, D. C. In them are delightful campgrounds, picnic areas, and swimming sites. It would take a full lifetime of year 'round

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camping -- more than 75 years -- to visit all of the national forests and spend just a few days in each campground.

And we're continually building new ones. Last year we built 8,700 additional family camp and picnic areas -- enough to accommodate 40,000 people at any one time.

It's estimated that one American family in three goes fishing. Well, the fishing is excellent in the forests -- with 81,000 miles of streams earmarked for fishermen and more than 2 million acres of lakes.

It's estimated that one man in five goes hunting. In the national forests you can bag just about any type of big game animal that can be found in America -- from antelope and bear to bighorn sheep and European wild boar -- in addition, of course, to all the small game and birds.

More and more of our people are learning to hunt with cameras -- or to find their outdoor enjoyment hiking, boating, or just communing with nature. Do you know that there are more than 80 wilderness and canoeing areas in the national forests? Last year, I was inspecting one of these wilderness areas in Montana with Supreme Court Justice William O. Douglas -- who, as you know, is a great outdoor enthusiast -- and our Chief of the Forest Service, Edward Cliff.

I thoroughly relished every minute of the trip -- the magnificent scenery, the long days in the saddle, the smell of wood smoke from

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the campfire, the big meals to match our hearty appetites. We had stopped at a lake and were drinking in its beauty amid a deep silence when the stillness was shattered by voices. A man and wife and their four children came hiking into view, packs strapped to their backs. They had been out for three days, and were going to be out another eight. Following our visit with them, the Forest Service published a new pamphlet so other Americans could learn quickly how -- by using dehydrated food and new light camping gear -- to "pack in" and enjoy inexpensive spectacular vacations in these great virgin wilderness areas.

For people whose taste runs more to winter sports, the national forests offer some of the world's finest ski slopes and snow trails. Such famous slopes as Aspen, Colorado, and Squaw Valley, Idaho, are within national forest boundaries.

The national forests, of course, are by no means the only areas in which USDA is helping to provide recreation.

We make loans to farmers or groups of rural residents to develop all types of recreation facilities -- from golf courses and dude ranches to fishing ponds and hunting preserves.

Again, one example -- the farm vacation camp for children developed by Andrew Karels in Big Stone County, Minnesota, last summer. The Karels family borrowed from USDA to buy 14 riding horses and fix up some buildings on the farm to accommodate 30 children. They renovated a

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house so that parents could come and stay with their children. There's plenty to do -- softball, archery, horŕeback riding, hay rides, and the youngsters can take part in the farm chores, feed the livestock or ride the tractor.

The Food and Agriculture Act in 1962 authorized the Department to assist farmers in recreation development. Since then we estimate that we have helped more than 17,500 farmers establish a recreation project on part or all of their land. This gives the farmer a new and profitable use for land we no longer need for growing crops -- and it also helps provide the new and expanded outdoor recreation areas city dwellers and suburbanites want and need. Many farmers are adding \$800 to \$4,000 or more a year to their total income with recreation enterprises eagerly sought by their outdoor-recreation-hungry city cousins.

I have touched on only a small part of the Department's work. I could tell you how USDA credit has brought electric power not only to farm families but to nonfarm residents throughout rural America. I could tell you how USDA loans are improving housing not only on farms but in villages and towns all over America for old and young alike. I could tell you how we are providing for the first time modern water systems in literally thousands of communities. I could list not less than 50 areas of service -- not individual services, mind you, but areas of service -- which USDA provides for the consumers of America.

We will forego the remainder of the list. But before I close, let me mention one more service that we provide -- one that we hope will never be put to use.

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The Department has a major responsibility for civil defense. As an aid in civil defense planning, we recently measured available food and beverage stocks at the wholesale level and classified it by storability and location. For each person in the United States there was a 16-day supply of food and a 4-day supply of beverages, but with considerable variation among regions of the country.

We also undertook the massive job of acquainting rural America with information how to prepare against nuclear attack or other disaster. Sixteen million educational leaflets were produced for distribution through State and county offices. Survival and protection plans, leader guides, TV spots, slide sets, and other aids were accompanied by a well-coordinated plan for training workers in this nationwide effort.

One last point. The USDA has a trained monitoring crew with a complete set of instruments to measure radioactivity in every county in the country. In fact, we operate the fallout monitoring network for the whole government.

Well, that's why I say that not a minute of this day elapses but that some service which USDA performs has helped to make your life, and mine, better, fuller, happier.

When the Department of Agriculture was established in President Lincoln's Administration, he called it "the people's department." The USDA bears that title proudly today as it has for the past century.

Now let's hear from our panel about What Consumers Want to Know.

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15, 1964

Statement by Secretary of Agriculture
Orville L. Freeman
before the
Senate Subcommittee on Reorganization and International Organizations
of the
Senate Committee on Government Operations
April 15, 1964

Mr. Chairman and Members of the Subcommittee:

I am happy to be here again with this Subcommittee. It was just about a year ago that I appeared before your Subcommittee, Mr. Chairman, at the opening of your hearings. I am pleased that this Subcommittee and the Department have continued to work together on all matters relative to pesticides.

I am here today to talk to you about the reported fish kills in the lower Mississippi River brought to our attention by the U. S. Public Health Service.

The Public Health Service, which initiated a study in the area last winter at the request of the State of Louisiana, announced that the most likely cause of the fish kill was the presence of endrin in the river.

This raises the immediate important question: How did endrin get into the lower Mississippi River to cause the reported fish kill?

Did it get there from the improper use of pesticides?

Did it result from normal agricultural uses, by washing and runoff into the Mississippi River?

Did it come from the disposal of waste materials by chemical plants along the Mississippi River?

Immediately upon receipt of the report from the Public Health Service, I directed that the facilities of the Department be turned to

gathering and assessing information relative to the problem.

A team of top experts was dispatched to get all pertinent information on the operations of the chemical plants along the Mississippi, working with State officials and representatives of the Department of Health, Education and Welfare and the Department of Interior. They are checking every phase of the formulation of endrin and other pesticides from the time the raw materials enter the plants until the finished product is shipped out. Investigation is being made of every facet of waste disposal from these plants that could have a bearing on pollution of the river.

On April 1, the Department announced a series of hearings at which all interested parties may present evidence on the use of endrin, aldrin, and dieldrin, and any relationship of these pesticides to the fish kills in the lower Mississippi. The first of these hearings was held on April 9 and 10 in Washington. We are actively reviewing now the information presented at the first of the hearings. We will review as rapidly as possible the information submitted in the second hearing which begins tomorrow in Memphis, Tenn., and in the third hearing to be held in Baton Rouge, La., April 23. We hope on the basis of the information and data submitted during these hearings that we can make a determination on what course of action to follow.

If these hearings show that a cancellation of registration on these chemicals is necessary, we are prepared to do so.

If these hearings show that a stricter policing of the pesticide plants is necessary, or that stricter policing of agricultural uses is indicated, then we will propose action to accomplish this.

No one knows better than we in the Department of Agriculture that the field of pesticides and pest control demands constant study, research, investigation, and action.

1. The Department took the initiative many years ago to develop informal machinery with other Federal agencies for the exchange of information, data, and opinion on pesticides.

2. Last June, this Department took the initiative to formalize these procedures and to set up formal relationships for coordination between Federal agencies on the registration of pesticides. A formal document promulgating these arrangements has now been signed.

3. In 1961 I initiated the creation of the Federal Pest Control Review Board to review all pest control activities of the Federal Government. This Board is composed of top experts representing the Secretaries of Agriculture, Defense, Health, Education and Welfare, and Interior. These experts review all pest control programs conducted by these Departments.

4. Extensive changes and modifications have been made in the Department's regulations covering the registration and labeling of pesticides, primarily to insure greater safety in their use.

5. A full review of Departmental uses of pesticides has been carried out. This has resulted in changes and modifications in many programs, in the use of reduced quantities of chemicals to accomplish the same result, and in the use of alternate methods of control. For example, the revolutionary concept of destroying an insect population by releasing sterile males has been successful in

the eradication of the screwworm.

6. The Department is conducting an extensive educational program on safe pesticide use through the State Extension Service and other means. Pamphlets, news stories, special features, educational pieces, radio and TV tapes, and other materials have been prepared and distributed as part of this educational program on use and safety.

7. The Department established a program to assemble facts on pesticide accidents. This is a network of 32 trained pest control supervisors reporting on 48 States. Documented summaries on significant accidents are circulated to other Departments and agencies.

8. We have been pleased to work with this subcommittee in preparing legislation to eliminate "protest" registration, and to provide for registration numbers to appear on the labels of registered pesticides.

These actions are primarily administrative measures. We are also exploring and utilizing all other approaches aimed at pest control with the greatest benefits and the minimum possible side effects. Environmental and biological control methods making unnecessary the use of chemicals are being explored so far as our research resources permit.

The sterility method is now under trial for controlling the Tsetse fly, which prevents the development of large areas of Africa by transmitting sleeping sickness to man and animals on that continent.

We are introducing natural enemies to battle the alfalfa weevil -- by far the most destructive forage pest in the eastern United States.

We imported the beetle that eradicated the costly Klamath weed from the West several years ago. Now we are bringing in an insect that survives only on alligatorweed, which chokes miles of waterways in the Southeast.

Department scientists are experimenting successfully with mass-produced insect viruses that are harmless to man to control the cabbage looper and the corn earworm -- two of the country's most widespread and destructive insect pests.

We are developing highly specific and effective controls for insects by exploiting their natural attraction to food, lights, sounds, other radiation, and specific products in insects themselves.

Much has been done. Much more needs to be done. We have no sense of complacency in this ever-changing field. Our research efforts have been stepped up -- not only in the field of pesticides, but in alternate methods of control. The enormity of the task to protect our vital food, feed, and fiber supplies from the ravages of pest and disease cannot be underestimated.

I have directed an accelerated advance on all fronts. It appears, however, that a crash program may be indicated. I welcome the support of this Committee in getting such a job done.

To do it, frankly, we need the means -- the funds, the facilities, and additional personnel. We have a hard and valuable core of expertise; we have a cadre of skilled scientists and technicians; and we have the orientation and the tradition. However, we can only move as fast as budgetary considerations permit. Within these limitations, though, I can assure you we will do our utmost in the immediate problem of the fish kill in the Mississippi or any other problem that may arise.

I am proud of the advances the Department has made. I can assure you that we shall not rest on these accomplishments, but shall push ahead with even greater energy and with all the resourcefulness at our command.

Mr. Chairman, again I want to thank you for the opportunity to make this statement. I will be glad to respond to any questions which you and other members of the Committee may have.

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w. 16, 1964

Statement of the Honorable Orville L. Freeman
Secretary of Agriculture
before The Senate Commerce Committee
on S.J. Res. 71

APR 16 1964

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Mr. Chairman, Members of the Committee:

I appreciate this opportunity to testify in support of S.J. Res. 71, the proposal advanced by President Johnson "To establish a National Commission on Food Marketing to study the food industry from the farm to the consumer."

I have found it difficult to prepare testimony on this legislation, for a very simple reason. Usually I testify in support of legislation that requires specific action by the Department of Agriculture or by some other Department or agency. In this case, however, I am here to seek your help in providing the means to explore an area of national life where surprisingly little is known.

Let me describe what I mean.

Since becoming Secretary of Agriculture, a question has been posed to me time and time again....and as yet I cannot find a satisfactory answer. It is this: Why, farmers ask, is it harder to earn a decent income as our efficiency increases? Why is it that the farmer gets less of the consumer's food dollar today than 10 years ago?

In the postwar period, productivity per man-hour in farming has increased at an annual rate of 5.6 percent....twice the growth rate of output per man-hour in other segments of our economy. It has meant that we are able to produce more food and fiber on fewer and fewer acres with less and less labor each year. It has meant that we are able to experiment

with techniques to eliminate the threat of hunger and famine not only in this country...but in the world as well.

This phenomenal generator of abundance has meant that the average family today pays less than 19 percent of its spendable income for food. In relation to family income levels, food today is a greater bargain than ever before. Compared to what families in other lands pay for food, the American consumer has more money to spend on other items than do consumers in any other nation.

These examples are the positive face of the coin of abundance we enjoy. The reverse side is not so bright. For the farmer, his share of the food dollar spent by the consumer has declined steadily. In 1950, he received 47 cents out of that dollar. Today he receives 37 cents. In comparison to incomes earned by those who only enjoy the abundance of agriculture, the income of the farmer who produces it is only 60 percent as good.

For the past 10 years, an era of relative peace and growing prosperity, we have attempted to deal with the problem of agriculture mainly through commodity programs. Frankly, this has been a decade of experimentation... a decade where we, as a people, have sought to adjust to the growing productivity of the land so that the human and social costs would not be greater than the nation could afford to pay.

By the early 1960's we had begun to recognize that commodity programs are primarily instruments to deal with the immediate problems of over-production in any particular commodity. We began to recognize --

as was the case in President Kennedy's Food and Agriculture Program for the Sixties -- that additional instruments of public policy would be needed for the human and social problems of abundance in rural America.

President Johnson has recognized this need to broaden the base of farm policies. He has proposed community programs to diversify the economy of rural America -- to provide alternative job and income opportunities for the young people now growing up there and who wish to make it their home. His call for a war on poverty also is a bold measure of great value to the rural community -- for half of those who live in poverty today reside in rural America.

As a result of the decade of experiment, we have recognized that in addition to commodity programs and community programs, agriculture policy must provide for food programs. Surpluses are as much a lack of adequate outlets as an over-abundance of production. Programs, such as Food Stamps, enable us to expand domestic markets. Programs of trade and aid enable us to expand commercial markets abroad while we assist developing nations along the road to commercial stability at the same time.

The Administration's program for rural America is a coherent food and agriculture policy which demonstrates that "farm" policy is vital to all citizens, both city and rural. A strong rural economy provides markets for much that is produced in urban areas...and strong markets mean more jobs for city wage earners. A strong, viable family farm system of agriculture is the best possible guarantee that our food abundance will not become an isolated historical incident...but will always be a way of life.

I have emphasized the farm aspect of the market system at length, for a very special purpose. While a better understanding of it helps explain some of the income problems of the farmer, it does not fully answer the question I posed at the beginning of my remarks.

The reason, I believe, is that we not only are dealing with a revolution in the production of food....but also we are dealing with a revolution in the marketing of food. There are two revolutionary forces affecting the level of farm income, as well as all aspects of the nation's welfare, and a complete answer to the questions which we must ask will not be found until we better understand the implication of the revolution in the marketing of food. Even a cursory glance tells us that any inquiry will need to penetrate deeply and broadly if the answers are to be found.

All of us can remember when the retailing of food was done by hundreds of thousands of small stores, none of which was large enough to exert any measurable influence. Today, more than two-thirds of all retail sales of food are handled by 10 percent of the stores. Over 90 percent of the retail volume of food is handled by firms which own some of their own procurement and processing operations, or who have large central purchasing operations.

The marketing system with which most of us are familiar is characterized by a high degree of competition. Transactions are conducted in the open, and all can see what is happening. This is the system we at least believe we have.

But is it? The distinction between the retailer and wholesaler is becoming less obvious, and in many cases is indistinguishable. There

is some evidence that terminal markets for the livestock producer are being replaced by other forms. Processors, such as canners and meat packers, complain today that they are being forced to assume inventory risks which 10 years ago were shared by the retailer. And the leaders of the canning industry have publicly stated that market practices today place "almost the entire risk of capital with...the canner."

No satisfactory answer can be found to explain the sharp increase in the spread between what farmers get for what they sell and what the consumer pays to carry the food out of the store. This is particularly true in the case of bread and beef.

Since the period 1947-49, the retail price of bread has increased from about 12 cents to about 22 cents, yet the farmer's share of the cost of the loaf of bread has declined slightly. The marketing spread has increased about 80 percent. A recent study of the baking industry identified part of the increase in cost as inefficient use of resources -- a cost which the study estimates at about 6 cents a loaf.

There is no comparable study for beef, but there is evidence that the sharp increase in the farm-retail spread for beef is largely due to the retailer. Higher operating costs could account for some of the spread. A lag in efficiency gains could also be a possible reason. However, the farm-retail spread for pork is much smaller than for beef... and this is evidence of possible changes in pricing practices not related to changes in cost.

I am not here today to point fingers, however. I am here to ask questions.... and to ask your help in finding some of the answers which are needed by the farmer, by the processor, by the wholesaler, by the retailer.... and by the consumer.

We need answers to such questions as:

1. What changes actually have occurred in the size, concentration and business relationships of food marketing firms?
2. What will the food industry be like in the future if present trends continue?
3. Will this food industry structure be consistent with the national long run interest?
4. If not, what kind of food marketing system do we want?

Many agencies of government are concerned with the questions posed by this inquiry. Agriculture, the Federal Trade Commission, Justice, Commerce, Interior, Health, Education and Welfare, as well as State Departments of Health and Agriculture and Committees of the Congress, have responsibilities relating to food marketing. The work of the Commission encompasses the interests of all these agencies and transcends the interest of any one.

It is essential that the inquiry be carried out by an independent fact-finding agency unencumbered by regulatory or other program responsibilities. The success of the study depends upon complete objectivity and lack of identification with any special interest, either industry, government or others. An independent bipartisan Commission composed of public and private members of outstanding stature, with a competent

professional staff, is the single promising means of reaching the goals of this inquiry.

The Department of Agriculture's interest in the proposed Commission is manifold. Many of our programs are directly related to marketing and must be attuned to the needs of a changing food industry. These include marketing services such as standardization, classing, grading, inspection, and collection and dissemination of market news. They include marketing research and education. They include regulatory programs which are designed to insure fair trading and the maintenance of a competitive marketing system.

Many additional activities outside the marketing field are intimately affected by changes in the marketing system. For example, our production and stabilization programs must take into account the availability of market outlets. Likewise, our conservation, credit, rural area development programs and countless others. The very survival of the family farm, which has been the backbone of U. S. agriculture since earliest days, is involved in changes currently taking place in the food industry. So our interests run broad and deep.

We know also that many other public agencies and private individuals and groups have been searching for answers to the basic questions which I have outlined. A Commission of the type proposed can provide answers which will be useful and available to all.

The Commission will be empowered to obtain whatever information it needs wherever it may exist. The proposed legislation provides for formal and informal procedures, hearings, subpoena power and access to public and private records. Information available from all government agencies would

be available to the Commission and the Commission would make maximum use of work already done by other agencies.

The Commission will not interfere with the authorized activities of any existing agency. For example, we in the Department of Agriculture have investigations underway in the enforcement of our Packers and Stockyards Act, which are directly related to the work of the Commission. We intend to continue these investigations and enforcement actions in carrying out our legal mandate. We also expect to continue our programs of marketing economic research. To the extent that these can be coordinated with the work of the Commission, however, we will make every effort to do so. Other agencies of government will do the same.

Within this framework, the National Commission on Food Marketing will be of service to all, will draw strength from many, and will hamper the work of none.

The job of the Commission is a large one and a vital one. While we are not concerned here directly with the farm and food problems of surpluses, supports and controls, the answers we seek bear importantly on these issues. Neither is the job the classical problem of containing fraud, deceit, collusion or similar abuses. It is not a matter of enforcement of present laws alone or of adequacy of present services alone. At issue here is a pattern of drastic change in a vitally important industry -- as yet not fully described or analyzed. And the rapidity of change underlines the need for prompt action to obtain answers to the crucial questions of the day.

This is the most significant inquiry to be proposed since the late Senator Joseph C. O'Mahoney launched the historic Temporary National Economic

Committee (TNEC) in the late 1930's. I would hope that the results of this inquiry would be of as lasting importance as are the results of that study of the concentration of economic power in the production and marketing of all goods and services.

The questions raised by changes in the marketing system for food are difficult and, in the long run, critically important. Raising them may well provoke controversy. Yet they must be raised and they must be answered. The food industry that so closely touches the lives of all Americans is at stake -- and so is the basic question of the kind of economy in which we want to live.

I urge the approval by the Congress of S.J. Res. 71 as amended and pledge the cooperation of the Department of Agriculture in helping the National Commission on Food Marketing carry out its most important assignment.

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pr. 17, 1964

DEPARTURE STATEMENT

Secretary Freeman - April 17, 1964

I am leaving today for India for a first-hand appraisal of current developments in India's food and agricultural situation. It will be a short trip -- I expect to return Saturday, April 25.

I am anxious to make the trip at this time for several reasons. As a first order of business, I will confer in New Delhi with a number of our American officials assigned to India, Pakistan, and Thailand, and our conferences will cover the range of economic, agricultural, trade, and development problems of Southeast Asia.

Another reason is that our extremely large Food for Peace Agreement with India will expire June 30 and is up for renewal. I want to get a first-hand look at India's own food resources and its need for supplementary food assistance from the United States.

India is our biggest recipient of food under Public Law 480, and I expect to review this program closely -- the actual incoming shipments, the distribution of this food, the effect upon the health and energy of India's people and the expansion of its economy, and the opportunities for even more effective use of the program, particularly in India's economic development.

While in India, I want to take a look at crop conditions. Although India is making progress in improving its own production, some parts of the country had a record freeze this winter which has damaged some crops and we know there are potential or even actual food shortages in some parts of the country.

Some very good agricultural improvement work is taking place in India, both in cooperation with the Agency for International Development and some of our private foundations. I plan to visit some of the development projects, including those relating to wheat and rice production. This work is highly important because in the long run, India's ultimate goal of becoming a full fledged trading partner will depend on her ability to increase agricultural productivity.

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The date for the dedication of this new building was selected many months ago....and the choice was not too difficult. As April gives way to May, the National Arboretum becomes a place of grand beauty and an appropriate site for this ceremony.

It also is appropriate that we dedicate a new building on the first working day of the week. It symbolizes a beginning...a new vigor...a sense of things yet to be done.

This building symbolizes, certainly, the beginning of a new era for the Arboretum. It provides the facilities for research and education that are vital if the Arboretum is to grow as one of the great botanic centers of the world.

As you well know, the Arboretum has had a prolonged infancy and adolescence, and it is due largely to the efforts of individual citizens, garden and horticultural groups, the National Arboretum Advisory Council, and a few Congressmen that the Arboretum survived at all.

Senator Hayden, during an appropriation hearing, once referred to the Arboretum as an old friend of Washington, D. C. Certainly, Senator Hayden....and Representative Cannon too....have long been good friends of the Arboretum, and we are grateful for their support and that of the many others who have worked to make today's dedication possible.

Now we have this beautiful and functional building. Now the Arboretum can truly begin its true role as a research and education center to the Nation.

I especially wanted to be present for the dedication of this building because it is another example....and quite literally, a beautiful one....of how the Department of Agriculture serves all the people in this country. Most Americans today tend plots of land measured in square feet....some in terms of flower pots. Yet these people spend more than a billion dollars a year on ornamental plants.

You have only to visit a garden shop on a Saturday morning about now to get an idea of just how many Americans are interested in gardening and landscaping. They want and seek advice on what to grow and how to care for it. They need trees and shrubs that not only are decorative, but also are adapted to the climate; appropriate for the purpose they serve; and easy to care for.

The research and testing carried on here at the National Arboretum have greatly benefited the urban families as well as the farm families of America.

The Glenn Dale azaleas, developed by B. Y. Morrison, first Director of the Arboretum, are probably the best known example. Thousands of these azaleas have been planted along the Atlantic Coast and in the Pacific Northwest, and they now add to the beauty of countless gardens, parks, and home lawns. Important improvements are also being made in firethorn, hibiscus, viburnum, and other widely planted ornamentals.

The work on hollies is another example. The basic studies done here at the Arboretum have produced information of much practical value to homeowners.

Some of the wild hollies collected by the scientists have proved superior to commonly cultivated species. These wild hollies are now included in the living plant collection here at the Arboretum and will be propagated for distribution to other botanic gardens and to the nursery trade.

At the same time, research is being done to develop new varieties that can be grown in parts of the country not suited for the present holly varieties. A few days ago, I had the pleasure of presenting a new Arboretum holly to Mrs. Lyndon Johnson when she attended the opening of the Food and Home Fair in the Patio of the Department of Agriculture. The holly will be planted at the Johnson ranch in Texas.

The magnolia is another plant that scientists are hoping to improve so that it can be grown and enjoyed throughout a larger part of the country.

This is a project that will require some patience.

Dr. Skinner tells me that while some magnolias may flower in six years from seed, others may take as long as 26 years to produce their first flower. So patience is a trait required of the scientists here at the Arboretum, as well as of its friends and supporters. (Perhaps 26 years isn't so long to wait for a flower, when it takes nearly 40 years to get the building to do the research in!)

Much of the research with trees and shrubs involves long-time projects, and it is important that a National Arboretum function to give continuity to such research.

I am reminded of an address President Kennedy made to the National Academy of Sciences just a month before he died. In that speech, he affirmed his great interest and belief in science ... and he ended his talk by recounting a story about the great French Marshal, Lyautey. Lyautey had once told his gardener to plant a tree the following day, and the gardener had replied, "It won't bear fruit for a hundred years." "In that case," Lyautey said to the gardener, "plant it this afternoon."

And now, let us dedicate this building:

to the scientists here who will use it as a laboratory for study and experimentation;

to the scientists in other botanic gardens and experiment stations who will benefit from the exchange of plant material and plant knowledge;

to the scientists and students who will come from various parts of the world to use the valuable reference material assembled here;

to the nurserymen, the park directors, the municipal planners, the road and highway superintendents, the foresters, and the landscape architects who will adapt the developments here to their uses;

to the garden club and horticultural association members who have supported the Arboretum in the past and will take pride in it in the future;

to the visitors who will come here ... the adults and school children ... not only from Washington but from all the 50 States and from other countries ... who will find the Arboretum an outdoor counterpart of the Smithsonian ... a living museum ... a place of striking beauty and serenity;

and finally, we dedicate this building to those, who not having the opportunity to visit the National Arboretum, will yet find great pleasure in growing and caring for the new and better trees and shrubs that will be developed here.

U. S. Department of Agriculture
Office of the Secretary

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8,1964
I have looked forward to this opportunity to join with you at your eleventh National Watershed Congress...particularly because you are giving emphasis this year to the problems and prospects of watershed development in the decade ahead.

I welcome the chance to look ahead with you, for we have come to one of those rare moments in history where both this nation and the world of nations seem to pause...to catch the national breath...and to ask if we know where we are going.

In that wasteland of human hopes which the threat of nuclear war created, there seems today to be signs of new life. All of us, as if a terrible ordeal has passed that once took all our energy, feel the beginnings of a new era.

Eric Sevareid, a discerning and penetrating commentator of our times, wrote about it this way recently: "It is beginning to appear that history may be offering to this generation of Americans a precious gift, and that if we do not recognize and use this gift we will lay a curse on the generation to come. The gift is time."

Few of us are so expressive, so able to put ~~these~~ feelings into words; but all of us recognize that perhaps we do now have some time to think, to plan, to look ahead...to begin considering more fully the opportunities of civilization as well as the challenge of survival.

Let us use this gift of time well, for it will be ours to use only once.

Address by Secretary of Agriculture Orville L. Freeman at 11th National Watershed Congress, Hotel Marion, Little Rock, Arkansas, April 28, 1964, Noon (CST).

The challenge of this opportunity will fall heavily upon you and thousands of others of us who are dedicated not only to conserving and preserving but also to using the heritage of land and water resources with which we are so abundantly blessed. It is clear that we can no longer cover the land with concrete and expect the human animal to live gracefully on it. It is clear that we can no longer despoil the water we drink and the air we breathe, and expect man to survive in good health.

And it is clear that we can no longer afford to treat as a problem the abundance which agriculture provides. It is a problem only when we fail to make use of it...only when we look to land and water as a source for food and fiber alone, ignoring other uses if not as basic yet equally important in this new world of abundance.

I think it more proper to say we have never taken the time to fully appreciate or utilize all of the multiple benefits which land and water can produce. We now may be graced with some time to look ahead and to plan... to take full advantage of resources too often thoughtlessly misused or unused in the past.

Thus, you are meeting here as an organization of organizations dedicated to the wise use of water resources....the multiple uses that water serves within a watershed...at a highly appropriate period in history. It is fortunate that 10 years ago so dedicated a group as this one began building the framework which has become the small watershed program of today. Without the support and effort which has gone into the gradual evolution of the small watershed program from a single purpose objective to a multiple number of objectives, we would be much less able today to meet the challenges of the decade ahead. For that, please accept my deepest thanks and congratulations.

As you look ahead to the responsibilities the next 10 years will bring, I want you to know that we also are looking ahead with you at the Department of Agriculture...and in the highest circles of the Administration.

Since early in this Administration we have been aware that agricultural policy -- the decisions which affect how we use our soil and water resources -- should be responsive not only to the farmer...but to all Americans whatever their occupation and wherever they live.

In 1962, President Kennedy presented a Food and Agriculture Program for the decade of the 60's, which recognized that the farm problem -- as we popularly call the task of trying to live with abundance -- has three broad dimensions.

Nonetheless, most people still treat it as though it has only one dimension -- commodities.

For many years the nation's efforts to solve agriculture's problem have focused almost exclusively on the problems of various farm commodities. Only since 1961 have we started to think more broadly in terms of the human problems of people on less than adequate farms, to think of communities which need to diversify their economic base if they are to survive, to think of the widespread cancer of poverty in rural America, to think of the growing needs of families and individuals in cities and suburbs for land and water and space where they can relax and play.

We have failed to appreciate that abundance is only a problem when we do not use it. There are no real food surpluses so long as there is hunger in this country or in the world.

We are only beginning to perceive that programs such as the Food Stamp program can make a nutritious diet available to every American. We have only begun to achieve the real benefits of a sustained and energetic program of trade and aid in our relations with other nations in the world. We have only begun to understand that land and water contain great reservoirs of benefits that can satisfy other appetites than hunger.

These are all aspects of a farm program for the 1960's -- and they were drawn in broad outline by President Kennedy early in 1962 when he set down a "Food and Agriculture Program for the Sixties." The logic of that program is strong and true. Much of it is taking clearer shape today. President Johnson, himself a farmer and a rancher, has made it an integral part of his program and he is giving it powerful support.

It is a three-dimensional policy, which recognizes that:

1. Commodity programs -- are designed for the needs of commercial family farm agriculture.
2. Community programs -- can develop rural resources to enable people in the country to find work and people in the city to enjoy God's great outdoors.
3. Food programs -- which serve those who use food and fiber and in so doing serve those who produce it. School Lunch & Food Stamp programs at home and trade and aid programs abroad provide a wide avenue on which to move the abundant productivity of our farms and ranches.

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I want to concentrate today on the second dimension of this multiple program, the community, because community programs are closely associated with the goals of the small watersheds...with the objectives of Public Law 566 as it has evolved.

I would mention commodity programs only briefly to make this point: The food and fiber abundance we enjoy today is the product of the American family farm system of agriculture. The family farm is the most responsive and productive system of producing food abundance the world has ever seen. Yet we need commodity programs to protect and stabilize family farm income while agriculture adjusts to the production revolution now underway. Otherwise we might destroy the very system which has made possible the abundance we are today challenged to put to constructive use.

Commodity programs are, of course, related to the goals of the small watershed program. A knowledgeable farmer will participate in the development of a watershed program to enhance income prospects from his crops. But those with an adequate farm income, protected by commodity programs, will be more likely to participate in developing wildlife habitat and other important nonagricultural benefits which can be provided through the small watershed program.

But, as the makeup of this organization shows, the small watershed program embraces a range of interests far wider than agriculture. You represent a community of interests -- farm, conservation of soil, water and wildlife, forestry, industry, recreation, urban and city -- all of which depend upon the resources of the watershed.

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You represent the Community which is one of the essential dimensions of any realistic agricultural policy -- and thus the small watershed program is an essential element in the Food and Agricultural policy of the 1960's.

It is, in fact, one of the key programs to a better life for all Americans....from those who seek to claw their way out of poverty.... to those who -- more fortunately -- enjoy a higher level of income and who look for ways to translate this into activities which bring a more satisfying way of life.

This is so because Public Law 566 is one of the keys to protecting and conserving on privately owned land....our water resources.... the most scarce, and the most valuable natural resource we have.

Properly used, as the small watershed program makes possible, this resource serves us all in many ways. For example:

In Alabama, the Chamber County Commissioners' Court saved \$28,000 within a year after three dams were completed in the High Pine Creek Watershed. The savings resulted from the county being able to build smaller bridges and lower fills on roads in the protected flood plains.

In Arizona, land use changed significantly in the White Tanks watershed project. Farmers converted several thousand acres from cotton and feed crops to vegetables, citrus and grapes, and income increased from \$200 to \$400 per acre. Commercial developments include a new electronics

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plant that will employ several thousand people and a multi-million dollar harness raceway that includes a racetrack, hotel, restaurant and other facilities.

Tomorrow, those of you who go on the tour of Six-Mile Creek Watershed near Little Rock will see how this project revitalized the economy of the area, including the addition of three new industries.

In Colorado, the Wray Watershed project sparked many new developments in the City of Wray including \$230,000 of new construction, \$40,000 of improvements to old buildings, and a reduction in street maintenance costs of \$5,000 per year.

In New Hampshire, a watershed project made possible construction of a \$1 million shopping center that in three years is expected to pay to the City of Keene more in additional taxes than the city's \$75,000 share of the cost of the project.

In Oregon, the Little Pudding project, although not completed, permitted normal farming operations to resume within a week last April after a 6.5 inch rainstorm. Formerly such a storm would have delayed planting three weeks, which would have been too late. The estimated benefit in this single instance was \$250,000.

In Kentucky, the Mud River watershed project near Russellville is providing water supply, recreation, and flood prevention. Benefits to date include three new industries and expansion of a fourth and a new water

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supply for the City of Lewisburg. Recreation assets include: a new boat shop; 15,000 man-hours of fishing and several hundred thousand visitors annually to a 900-acre lake; sale of more than 200 lakeside building lots; construction of 50 cabins, a \$45,000 sportsmen's lodge, 30 miles of public roads, a \$154,000 bridge, and electric and telephone lines.

These are not hand-picked, isolated cases. Similar or other benefits could be cited for every project far enough along to be effective. And they will result from every project to be carried out in the future.

The plain truth, however, is that we must do more in the next 10 years than we have in the past decade. Today 100 watershed projects have been completed...but there are 2,100 for which applications have been made.

Nonetheless, we can all be pleased that since 1961 progress has been accelerated not only in the number of projects authorized for planning and approved for construction --which have climbed from 264 to 556 -- but also by broadening the scope of the whole program to become a major conservation instrument.

Prior to the Food and Agriculture Act of 1962, the Federal government could share the cost of such activities as flood prevention, irrigation, drainage and fish and wildlife development. The 1962 act, truly one of the significant pieces of agricultural and conservation legislation in our history, enabled the Department to share the cost for multiple water use. We can help you acquire the necessary land rights and provide the minimum basic facilities for recreation. We can assist in developing municipal and industrial water supplies for future use, with deferred repayment; and we can advance for preserving structure sites within the watershed project.

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As you know, President Johnson this year proposed that the limitation on the size of water reservoirs be raised from 5,000 to 12,500 acre-feet. The growing demands for recreation and for industrial and municipal water make this a vital addition to the watershed program. We are hopeful that the Congress will soon act favorably on this request.

Thus, what began as a measure to help farmers and the local community to control flooding in upstream watersheds has grown to become a major instrument for the development of a multiple of interests. It is the major instrument for conserving water resources on the private lands of America....and nearly two-thirds of our land area is privately owned. It is the major instrument through which the local community, aware of and responsive to the needs of a changing society, can make water and land serve many interests all at the same time -- recreation, industry, farm, wildlife, timber and municipal needs.

The Congress, in the 1962 legislation, recognized that the soil and water resources in rural America would need to be developed and managed for these many purposes. It also recognized that the financial and technical resources in rural America were limited and inadequate for the task. Thus, in addition to broadening the objectives of the small watershed program, the Congress sought to recapitalize resource development in rural areas through additional programs. These generally are administered today as part of the Rural Areas Development effort in the Department.

We can, for example, make loans to farmers and rural associations for the development of recreation, and for other action that encourages shifts in land use to more profitable outlets.

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The cropland conversion program, which provides for recreation development, wildlife habitat, grazing, forests, or water storage on land now producing row crops or hay, has been successfully demonstrated in 141 pilot counties across the country.

Earlier this year I authorized planning assistance in the first 10 Resource Conservation and Development projects in which, as you know, small watersheds play a key role. I also have authorized planning assistance in five Rural Renewal projects, including one here in Arkansas. These projects are designed to assist local units of government in rural areas where substantial poverty and limited opportunity exists to raise income levels by more intensive development of under-used resources.

These programs will provide some of the tools which can be used to fashion broader development and use of our natural resources. This is, as each of us knows, a task of growing urgency.

The pressure on our water resources is building at a fast rate...and it will continue to build even faster in the future. By the year 2000, outdoor recreation demands are expected to increase by 228 percent. Industrial needs expand almost daily, and municipal needs will grow as our population and income climbs.

This pressure can be met in two ways: One is through Government programs to preserve on public lands a reasonable balance in the competition for water and land and other resources. This is what we do in multiple use management in the National Forests. The other way is through the actions of

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private citizens acting together locally to preserve, conserve and use these resources.

The small watershed program is a tool designed for the use of private citizens and local Government. It provides a means by which the financial and technical resources of the nation can be made available to the local community and to the individual citizen. It provides for local control and for local direction. It allows local problems to be met by those who are best able to understand and to solve them. But because it is local and decentralized, it is up to you to make it go. It is up to you to make it work so our natural resource problems can be solved before they become so burdensome that massive central Government action becomes necessary.

This, then, is the direction and purpose of small watershed programs in the decade ahead. There is time now to consider how we can best go about developing our heritage of natural resources so that we can say to our children: "Here, we nearly lost them for you. But we learned in time. Guard them well, use them well...and they will serve you well."

But this will not happen automatically. On the contrary, great effort and large investment will be necessary. Competition for the tax dollar is more intense than ever before. Programs are being cut back, a general reevaluation and reassessment is underway...the role of Federal contributions in all areas is being carefully reviewed.

You and I know that the small watershed program qualifies as a top priority program under the most rigid set of standards that can be applied. President Johnson, long a supporter of soil and water conservation and watershed development knows this.

But for us to know this is not enough. Others must be made to know...and to understand...and to act.

I will do my part...but only you can bring about the necessary activity and investment. For more than 10 years now your voice has been heard...and it has had impact. I challenge you today to continue to make your voice heard...and your leadership felt. The time to act is here...the small watershed program has been thoroughly tested and proved. Let us now put it to work while there is still time to make possible the multiple use of water, our most precious natural resource.

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20, 1964
Secretary of Agriculture Orville L. Freeman said today that President Johnson's call to eliminate poverty in America is the "greatest challenge" facing the cooperative movement today.

He spoke to the Cooperative Conference of 100, an organization of leading cooperative associations meeting in the International Inn, Washington, D.C.

"The war on poverty must be carried to every place where inadequate opportunity exists today in rural and urban areas. In rural America, nearly 16 million people live in poverty -- or half of all those in this country today who do not share equitably in the prosperity this nation has achieved," he said.

"Cooperatives can do more than any other group to combat the causes of poverty because they have always been a force for progress and advancement in the rural economy. The war on poverty which President Johnson has declared is the greatest challenge yet to face the cooperative movement.

"I know you will respond because you have always cared about people... because you have always helped people in times of difficulty."

The Secretary said the Department is strengthening its support of cooperatives, and noted that the policy statement directing increased support of farmer cooperatives has been placed in every USDA office throughout the country.

"I have directed that each agency report to me by July on the actions taken in response to this policy statement, and the additional steps which will be taken in this regard," he noted.

Remarks by Secretary of Agriculture Orville L. Freeman before The Cooperative Conference of 100, Diplomat Room, International Inn, Washington, D. C., May 20, 1964, 9:00 a.m., EDT.

The policy statement emphasized that increased support of farmer cooperatives would be necessary to strengthen the bargaining position of farmers, particularly with the growing concentration of economic power among groups selling to and buying from farmers.

In the policy statement Secretary Freeman said: "Cooperatives help farmers improve their bargaining position. As farmers cooperate with each other to gain protection through self-help, they strengthen the American family farm system, and bring important benefits to the American public -- efficient and stable production of food, and a stable rural community made up of family farmers and independent businessmen. Families who operate their own farms have a stake in the community and show an interest in churches, schools, hospitals, cooperatives and other democratic community institutions that have been the backbone of our national growth and strength."

The Secretary told the cooperative leaders that he was impressed by the thoroughness and detail of recommendations made by the National Advisory Committee on Cooperatives to strengthen Department services for cooperatives.

"We are studying these recommendations carefully, and I assure you that they will be a useful tool with which we can assist cooperatives to do a better job in expanding job and income opportunities in rural America ... for all rural people as well as the farm family," he declared.

"I would call the proposals you have made a blueprint for action in revitalizing the whole rural community."

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Industry's Stake in Agriculture's Stake in Trade

I deeply appreciate this opportunity to discuss with you the importance of expanding world trade. I know that I need not emphasize -- to this audience -- the benefits to be gained by trade expansion. Nor do I even need to point out the position our government is taking with regard to agriculture in the current GATT negotiations. That position has been clearly and repeatedly expressed in recent months by Ambassador Christian Herter, the Special Representative of the President for Trade Negotiations.

In Governor Herter's words: "The United States will enter into no ultimate agreement until significant progress is registered toward trade liberalization in agriculture as well as in industrial products."

But while this position is well known, I find that its significance and its justification are not adequately recognized -- either at home or abroad. I should like, therefore, to direct my remarks not only to the stake of American agriculture in expanding world trade, but more specifically to industry's stake in agriculture's stake in trade expansion. For unless American industrial leaders recognize that expanding markets for agricultural products are important to them as well as to farmers, our whole economy could suffer. For some time, sentiment has been expressed that the United States should be willing to sidetrack or abandon agriculture in the Geneva negotiations if necessary to secure advantageous agreements for industry. This view would be as short-sighted as it is one-sided.

Address by Secretary of Agriculture, Orville L. Freeman, at the 1964 World Trade Luncheon, Americana Hotel, New York City, May 21, 1964.

I have often said that the American farmer is low man on our economic totem pole, in terms of his rewards for production, and that agriculture's problems are the least understood of any segment of our economy. For more than three years I have tried to bring about a better understanding of those problems -- to dispel the myths about farmers and surpluses and subsidies -- and to replace them with a realistic evaluation of the successes as well as the difficulties of American agriculture. For it is literally true that productive success has brought economic distress to our farms. And this fact has a direct bearing on industry's vital stake in agriculture's stake in expanding trade.

By way of background, I would like to review with you certain of the more obvious evidence of agriculture's stake in expanding markets.

First let me emphasize that the American farmer is more dependent upon export markets than any other segment of American producers.

Fifteen percent of his total production goes to market abroad, compared with eight percent of our industrial output. Thus, it might be said that agriculture is twice as dependent on foreign outlets as is industry.

Of more than 300,000 manufacturing firms in the United States, about 12,000 are engaged in foreign trade. Of the 1.6 million commercial farmers who produce 90 percent of our total agricultural output, practically every one is a producer for the export market, since some portion of his crop is more likely than not to end up in international channels of distribution. One out of four acres of cropland in this country today is producing for export.

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Second, I would point out that agricultural commodities make up 26 percent of our total exports, running to an all-time high this year of close to 6 billion dollars. Nearly three-fourths of this represents dollar earnings -- a most important entry on the plus side of our balance of payments ledger.

This new record in exports of agricultural commodities benefits all Americans.

But it has not been reached without effort. A substantial part, I believe, can be credited to an aggressive market development and promotion program -- in which the Department of Agriculture is working in cooperation with 44 American agricultural and trade associations in 67 countries. This is a jointly financed operation. The Government's contribution comes from foreign currencies derived from the sale of farm products abroad under Public Law 480.

American food and agricultural products are being shown at leading international trade fairs and at permanent United States trade centers in Tokyo, London and Milan.

American Marketing specialists abroad are teaching foreign buyers how to mix and blend our wheat, fabricate our cotton, process and package our vegetable oil.

We are revising grain standards to make it easier for foreign importers to buy the specific qualities of grain they want. We have worked with the railroads to reduce rates on grains moving from the Midwest to West Coast shipping points, thereby improving our competitive ability to sell

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in Far Eastern markets.

Short-term and longer-term export credit facility programs have been strengthened, not only for commercial convenience but to encourage underdeveloped countries to convert wherever possible from local currency purchases under the Food for Peace program to commercial buying for dollars.

The activities have paid off in some spectacular gains in the export market. Compared with 1956, for example, 1963 poultry exports were up 318 percent; soybeans and products, 178 percent, feed grains, 339 percent. Not all of these increases were due to promotion, of course; but we believe that plain old-fashioned salesmanship had a lot to do with them.

In short, this administration is doing more to build agricultural exports than any administration in history. The job is being done in partnerships with private enterprise and with admirable support from the trade community.

In this connection, I want to express my enthusiasm for the magnificent World Trade Center proposed by the Port of New York Authority. I am certain it is destined to become an inspiring symbol of the United States' leadership in world commerce as well as a focal point for trade and traders from everywhere on earth. It represents local initiative at its creative best.

Third, I would like to emphasize the significance of the fact that the United States is not only the world's largest exporter but also the world's second largest importer of agricultural commodities, second only to the United Kingdom. Contrary to one widespread current myth, the

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United States has remarkably few import restrictions for the "protection" of its farmers.

Indeed we are less "protectionist" in this regard than any other significant trading nation. It is almost impossible to determine this precisely, but we estimate that only 26 percent of our agricultural production is protected by non-tariff trade barriers. By the same measure, the United Kingdom uses non-tariff trade barriers to protect 37 percent of its farm production; Japan, to protect 76 percent; France, 94 percent, West Germany, 93 percent; Italy 63 percent; and Portugal 100 percent.

Moreover, U. S. tariffs on agricultural products are very low. About half of our total imports come in duty-free. For the rest, the advalorem equivalent of all duties averages 11 percent; and the advalorem figure for all agricultural imports, free and dutiable, averages six percent.

And as further evidence of our liberality on the agricultural trade front, I give you the recent agreements with our principal external meat suppliers -- Australia, New Zealand, Ireland, and Mexico. In essence, these agreements offer these countries a share of the American market based on sales in a recent representative period, plus a growth factor of 3.7 percent a year. This is the same kind of market-sharing plan we are proposing at Geneva to give us access to the Common Market for grains, meat and dairy products.

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I believe the meat agreements make it evident that we are prepared to apply the principle that trade must be a two way street. We are prepared to give others access to our markets and we insist on our right access to theirs.

Thus far, I have attempted to show how important exports are to the American farmer, and the significant role of agricultural exports in our total trade picture.

Unless we can count on a proportionate and reasonable expansion of these exports, farm income, already far too low, will be depressed still further, with serious effects on farmers, on agribusiness, and on all the industries from which American farmers purchase 40 billions of dollars worth of goods each year. It is estimated that this 40 billion dollars of purchases means employment for about 6 million people. Thus, our entire economy would lose.

But there is another dimension to industry's stake in agriculture's stake in world trade. This is a truly new dimension -- new in the history of the world.

There is nothing new about trade rivalries. There is nothing new about various kinds of attempts to protect domestic industry. There is nothing new about competition for business. But there is a new dimension that vitally affects all of these.

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This new dimension is the potential for abundance that science and technology have made possible in today's world.

For the first time in history we know that it is physically possible to produce plenty -- not just for a few -- but for every one on earth. It is physically possible to produce this abundance with fewer farmers, and fewer workers, and more machines. This is the potential of automation, technology, and mechanization.

The pattern of world trade -- all the rules of competition, all the protectionist measures of the past -- developed under different circumstances during an age of scarcity. We cannot take it for granted that they all apply to the new age of abundance upon which we have embarked.

Because our social engineering has lagged behind our physical engineering we tend to look at abundance as a problem rather than as a blessing. This new dimension has come upon us so swiftly that leaders in industry, as well as in government, do not quite perceive or understand the problems it presents.

The men and women who are displaced by mechanization on the farm or by automation in the factory somehow cannot appreciate the freedom from drudgery that modern science and technology offer. Instead, they fear dependence and want. For far too many, changes brought about by scientific and technological advance have produced, not prosperity and greater well-being, but poverty and frustration. The President's War on Poverty gives dramatic emphasis to the fact that we haven't yet found the way to make abundance a reality for all.

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But what has this to do with agriculture in the GATT negotiations?

Simply this. American agriculture is in the vanguard of the achievement of abundance. Because it is far ahead, it is the sector of our economy most beset by the problem of adjusting to an age of abundance. Expanded trade is of particular concern and importance to agriculture now, because it is an important factor in this process of adjustment.

Meanwhile, in the industrially advanced nations of Western Europe, agriculture is trying to catch up with American agricultural efficiency. They have their own farm problems and programs which complicate and confound the situation.

I doubt whether many industrial leaders appreciate the extent to which agricultural productivity has outpaced that of industry.

In the decade of the fifties the productivity of the American farm worker increased at a rate of 5.1 percent a year, as compared with a rate of 2.2 percent for workers in industry. Agricultural production per acre is 70 percent higher today than it was in the twenties. One American farm worker today supplies food and fiber needs for 29 people -- in 1940, at the opening of World War II, he produced only enough for 10. When my grandfather homesteaded our family farm in Minnesota in 1855, the average farmer produced enough for 4 people -- only a little more than his own family needed.

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These figures are only a few of the measures of the efficiency of the American family farm. The inadequacy of income that characterizes the average commercial family farm of the United States today is due to lack of power in the market place -- but it is not due to inefficient production. On the contrary, the family farm of the United States is the most efficient producer of food and fiber the world has ever known.

One of the myths that I would like to dispel is the widely held misconception that farm programs have been called for to subsidize agricultural inefficiency. They have been called for, rather, to make up for weakness in the market place, for lack of bargaining power. We forget that government has given labor the collective bargaining power that gives it strength in the market place. We also forget that government has given business the mechanism of the corporation -- an artificial person of great power which can exert its strength in the market place. We haven't yet found the way to give the farmer comparable bargaining strength.

I do not propose to discuss farm programs today, but it is essential to make it crystal clear that commodity programs are not an attempt to protect inefficiency. They are rather an attempt to help to secure a fair return for a segment of our economy that represents one of the highest levels of efficiency.

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The obvious first step to be taken to meet the problems and the promise presented by our capacity to produce abundance is to expand distribution. Industry can do this by promotion, by advertising, by creating new wants and higher standards of living. These may result in two or three cars in every garage, -- or two or three telephones in every home. But not much can be done to increase the consumption of food in a nation such as ours, where the average per capita caloric intake is substantially higher than doctors and nutritionists say it should be. Most of our people already eat all they want, and some too much.

I haven't time today to indicate all the ways in which we are distributing food to needy people at home or the extent of distribution abroad in the Food for Peace program. In both respects we are doing everything possible -- and yet farm production is still more than enough.

And so the age of abundance has created problems for American agriculture, as it is increasingly for industry. Some sectors of industry are already suffering from such problems. Already idle steel plant capacity represents a surplus of capacity to produce that is, percentagewise, greater than the percentage of agricultural production that is in surplus. Automation is rapidly doing for industry what mechanization and modern chemical science has done for agriculture. But, whereas farm surpluses are stockpiled in bins, where they can be seen and caricatured, industry's surplus capacity is reflected by lay-offs that can be seen only in

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unemployment statistics. It is no more than fair to set up, beside the cost of handling surplus farm commodities, the cost of unemployment -- both in terms of compensation and in terms of the economic loss that results from wasted human resources.

I submit to you that stockpiles of grain are a less serious reflection on the soundness of our economy than are men and women seeking jobs they cannot find.

As American agriculture seeks to reduce its stockpiles, as it seeks to meet the challenge of the new age of abundance, one of the most effective approaches lies in the expansion of markets abroad. If other industrialized nations, such as those of the Common Market, encourage an increase in their own agricultural production the problem becomes more difficult, but no less urgent. We recognize, of course, that the farmers of other countries have income problems of their own. We want to see the levels of farm income go up in Europe as well as here. But we must still do our best to achieve a fair share of the market in those prosperous nations of the world that cannot produce food and fiber as efficiently as we can.

If we fail to do this, our farmers and our economy will suffer, but so will the farmers and the economies of other countries. They will be using more resources and paying more for food and fiber than is necessary. And sooner or later the World's consumers are going to insist that food and clothes be available to them from the most efficient producers at the lowest possible cost.

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International agreements for expanding trade are essential if we are to meet the challenge of abundance in agriculture. Our proposals toward this end in the GATT negotiations are modest and reasonable. As set forth by Ambassador Herter a few days before his departure for Geneva, they may be summarized as follows:

"...commodities which presently enter the Common Market duty free such as soybeans and cotton, should continue to do so.

"Trade in other items, such as canned fruits and vegetables, is wholly or largely governed by tariffs; we shall seek a reduction in them.

"For items protected by a combination of measures, such as poultry and rice, we shall seek arrangements to assure market access and the opportunity to share in future growth in consumption.

"...grains, meat and possibly dairy products...for these products...the Common Market's proposals for measuring and freezing levels of protection may have application--but only when combined with provisions for assuring continued access to the market equal to the levels of a recent representative period plus the opportunity to share in future growth."

This constitutes a reasonable, fair, and practical approach.

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If we can arrive at a "package" in Geneva that includes these principles, then a further step could include international arrangements whereby nations producing commodities in world surplus would join with us in programs to use food to promote economic development in the less developed countries -- the world's greatest undeveloped market. The United States is already using its food abundance to contribute to that end.

The "Food for Peace" program is unique in the extent to which it contributes both to people and to economic growth abroad as well as to our own economic strength. I submit that industry as well as agriculture is involved in this gain. It is true that the moral imperative to use surplus food to meet human need does not apply with quite so much force to a surplus of many of the products of industry. But in the long run, this moral imperative will apply to all of the essentials of decent living. In the long run, the higher standards of living resulting from our economic assistance will build markets for both agriculture and industry. In the last analysis we can hope to be secure in the enjoyment of our own abundance only when those in less favored parts of the world can hope one day to enjoy abundance too.

In a rational world, with social and economic institutions geared to the potential for plenty that science and technology have now made possible, we could enjoy abundance without the fear of the most tragic surplus of all -- the surplus of men and women who can find no place in our economy.

If we are to progress toward that rational world in which the promise of abundance would be a reality, we must find our way first in the economic sector in which, in the United States at least, abundance has already become more than a promise and ironically -- because we were not geared up to handle it -- is regarded by some as a problem rather than a blessing.

If we lose our way in agriculture, industry will share the consequences. If we find our way in agriculture, industry will find its way more readily -- agriculture will have blazed the trail. And as growth in industrial productivity accelerates, industry will join with agriculture in adapting to an age of abundance.

When this happens on an international scale, we can look forward to a world in which machines will take care of the sweat and toil and drudgery and monotony of production -- and in which man can develop all those human aspirations that give meaning to life.

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STATEMENT BY SECRETARY OF AGRICULTURE ORVILLE L. FREEMAN
AT SIGNING OF MARKET DEVELOPMENT PROJECT WITH AMERICAN
MEAT INSTITUTE, MAY 26, 1964, WASHINGTON, D. C.

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May 26, 1964
At this time when so many segments of American agriculture are enjoying export activity unparalleled in our history, it gives me great satisfaction to sign a document aimed at helping our livestock and meat industries join this rewarding parade.

We are signing here an agreement of cooperation between the United States Department of Agriculture and the American Meat Institute the purpose of which is to benefit the entire U. S. livestock and meat industry by promoting export sales to Europe of our beef, other meats and meat products, and livestock products generally.

This is a jointly financed project and, on our part, we think it represents an especially timely and worthwhile use of market development funds from the Public Law 480 program.

I know that the President is pleased at our joint progress in setting up this project. His beef market mission that went to Europe earlier this month and its findings helped prepare the way for this promotion. Also, the National Advisory Committee on Cattle which met here last week gave this type of project its highest recommendation.

American agriculture is a heavy supplier of world trade in a number of livestock products, including variety meats, tallow, lard, and hides and skins -- but it has been many years since we have been a substantial exporter of beef or other red meats. Today, however, we have an unusual opportunity to get back into the stream of world trade. Beef particularly is in short supply in Europe, prices have been rising, and prosperous consumers want more beef. We have the supplies to sell them, provided we can get together on prices and other conditions. The purpose of this project is to service this good market in such a way that we do get together and sales are made.

It is not easy to enter a new market -- or in this case, to reenter a former market where trade contacts have to be entirely rebuilt. But we are putting together, in this agreement, the best knowledge and experience available in the United States and I am hopeful of good results.

We are grateful to the American Meat Institute for its support and participation in this endeavor. The American Meat Institute as cooperator in this program is acting explicitly on behalf of the entire livestock and meat industry of this nation. The agreement is framed to that end. We believe also that this cooperation will benefit all Americans and it will set a pattern of useful collaboration between these industries and our government.

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AM I have looked forward to this meeting for some time. For me it is a time to renew old acquaintances...and to relive old experiences...and to remind both labor and agriculture of the strong bonds of common interest they share.

It is easy, as each of us pursues our daily goal, to forget the common traditions that unite the farmer and the worker.

Yet I have seen the farmer and worker, under conditions which strain the economy or place great stress on the aspirations of the people, work together in concert for the good of all.

As a Governor, I have seen the combined strength of the farmer and worker rescue an educational system from economic strangulation, and insure the opportunity for learning and knowledge for generations to come. I have seen the farmer and the worker join forces to modernize highways, to overcome the inertia of public indifference to mental health, to give new hope to the aged, to promote economic development and to expand public parks and playgrounds.

I know first hand that where the farmer and worker stand together, better communities are built and new opportunities for the better life are created.

Today, in a different way than at any time in the past, this country stands at a crossroad. Once again the bond uniting the farmer and

Address by Secretary of Agriculture Orville L. Freeman at the international convention of the United Packinghouse, Food and Allied Workers - AFL-CIO, Muehlebach Hotel, Kansas City, Missouri, May 27, 1964, 10 a.m. (CST).

the worker is tested and challenged. The future of the nation will be determined in no small part by how both respond together.

President Johnson last week stated the challenge this way:

"For a century we labored to settle and subdue a continent. For half a century, we called upon unbounded invention and untiring industry to create an order of plenty for all our people.

"The challenge of the next half century is whether we have the wisdom to use that wealth to enrich and elevate our national life -- and to advance the quality of American civilization."

We are today face-to-face with a new dimension of living -- a new age of abundance -- which so far eludes our national comprehension. We produce more than enough food for every person, yet some people go hungry. Our factories and plants can produce enough to satisfy the material needs of every person, yet we have unused capacity while the needs of many go unmet.

The challenge of abundance is easy to talk about but difficult to fulfill: What do we do with this enormous potential?

Do we, as President Johnson said, have the wisdom to go on to build "the Great Society"? Or will we, in failing to understand and meet the challenge of abundance, founder and lose our way?

There is fear now in agriculture that the technology and mechanization which have created our food abundance will drive down prices and cause the farmer and his family to lose their farm.

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There also is fear within labor that the technology and automation will take the worker's job.

How ironic! We have conquered scarcity in our fields and factories and yet we are fearful of this new dimension...of the promise of the Great Society that is opening before us.

The fear expressed by the farmer and worker is real enough, for we have seen jobs and farms disappear. But the fear should not paralyze our minds and our will so that we fail to grasp that we can be the master of abundance and not its servant.

Our economy is booming, and the President is determined that the longest period of economic expansion in peace time should continue and grow in strength. He recognizes that prosperity will enable us to adjust more easily to change and to grasp the new opportunities before us.

We should be confident, not frightened; optimistic, not despondent. We ought to enjoy the pulse of excitement. We ought gladly to accept this challenge. The farmer and the worker should stand together. They should bring to bear the power that is theirs alone...the power which with will and understanding can in our free society fashion for all people a better life than any of us know today.

I recognize, as do you, that there are some who seek -- and will continue to seek -- to set the farmer against the worker...and the worker against the farmer.

There are farm leaders who tell the farmer that the cost-price squeeze comes because of labor unions...they say that if it were not for high union wages, the most popular type of tractor would cost the

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equivalent of 1,800 bushels of wheat as it did in 1940 -- not 3,000 bushels as it does today. But they fail to say that this tractor, produced today with less labor than in 1940, can do two to three times as much work as the 1940 model.

There are some -- including even some who call themselves farm leaders -- who say that without price support programs, food costs would be lower. They fail to say that without price supports...the family farm system of agriculture which has brought us abundant food at the lowest cost in the world might be lost. Price supports help protect the farmers income, just as minimum wages and a union contract protect the worker.

The fact is that no effort to break the common bonds uniting the farmer and worker can hide the dependence of each on the other.

Agriculture is the cotter key holding nearly 16 million non-farm jobs in place -- jobs producing what the farmer needs, and jobs processing and distributing what he grows. Earlier this year when the Congress was considering new wheat and cotton legislation, there was more at stake than the income of wheat farmers or new markets for cotton producers. More than 58,000 jobs in factories, shops and stores throughout the country also rode on that legislation. If the legislation failed to pass, then thousands of people who make and sell the products which farmers need in the fields or in the home would have had unemployment checks this year instead of paychecks. Gross farm income during the past three years is \$8 billion higher than if 1960 farm income levels had continued -- and 200,000 more jobs off the farm have been created as a result of the increased spending power of farmers.

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The farmer is an enormous consumer of machinery, trucks, equipment, fuel, chemicals, fertilizer and countless services, in addition to goods and services for personal and family needs. Each year he spends over 40 billion dollars...dollars which multiply and flow through the entire economy. When the farmer feels pinched, the pain is expressed in the cry of an unemployed factory worker.

Agriculture affects us all in another way...in the dollars and good will it earns in export markets. Fully one out of every four dollars in the value of products we export today is accounted for by agriculture. This year we anticipate that the export of farm products will run about \$6 billion. Nearly three-fourths of this represents actual dollar earning...dollars which contribute to the plus side of our balance of payments ledger. The other portion of our farm exports are sent through the Food for Peace program to help alleviate hunger and malnutrition throughout the world....and to help create the conditions which will enable developing countries to stay free and to become future dollar customers.

As the worker depends on the farmer, so does the farmer depend on the worker. If the worker had not improved his position, then the farmer today would not be able to market the volume or variety of food and fiber he now produces. Agriculture is a \$40 billion industry because the worker has made it a \$40 billion market.

So it is clear that farmer and worker, representing the majority interests of our people, share a common purpose. And so long as they work in concert they have the power to realize that purpose. No other people since the dawn of time have had the opportunity which abundance opens to us. The worker and the farmer building together can create a better life for all people. They

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They can give meaning to President Johnson's vision of moving "not only toward the rich society and the powerful society, but upward to the Great Society."

The great opportunity, if we are to see it realized, requires many things of each of us. Today I would like to mention only two: One is the elimination of poverty wherever it exists...to secure for every person the opportunity to earn his food, to provide every child an equal opportunity for the education which will enrich his mind and enlarge his talents, to insure that the health needs of all our people are adequately met, to provide opportunity for those with bypassed skills to read and write, when that is necessary, and to learn new skills so they too can earn their way, and to care for the old and the disabled in a civilized manner.

Passage of the anti-poverty bill proposed by the President is the first step. With it, we can begin to fashion a youth program which will solve the terrible, explosive problem of out-of-school, unemployed youth drifting aimlessly through their best years and headed surely for poverty or worse unless they are rescued.

With this legislation we will provide the incentive for systematic and intensive community action in both rural and urban America to begin the long hard task of pulling the causes of poverty out at the roots.

The President's proposed Appalachia program is another key instrument in the war on poverty. It is a concentrated effort utilizing local, State and Federal resources to loosen the hard grip that poverty now has in the mountainous region of the East.

Let me emphasize that people in local communities are the front line troops in the war on poverty. Here the very best leadership must be available to point the way. The war on poverty will not be won in Washington, but on the home front.

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The experience of your union with the automation committee established in 1959 and 1960 with Armour and Company is a good example of the kind of vision and drive and determination required.

In a real sense you began the war on poverty...after seven production plants were closed. And a year after the shutdown, nearly half of the workers over 45 were without jobs, and nearly a third of those under 45 were unemployed. Over half of the women laid off were still out of work.

To the credit of both the company and union, you went to work through the Automation Committee. You developed procedures for supplementing unemployment benefits, for transferring those willing to work elsewhere, and for paying moving expenses as well as for retraining workers to help them gain new skills they can use in other jobs.

This program is a progressive step, and it is a guideline for other industries and for larger scale community programs. It illustrates what determined leadership and enlightened action can do. You are grappling with the human aspects of the technological revolution. Thus, while automation is still a threat as well as a promise, you are learning the way to realize the promise.

This brings me to the second point I want to make.

It is that the worker and the farmer, in striving together to protect their jobs and their farms, can reach out to protect the green

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areas and open spaces which sustain the spirit and give true meaning to life. They can help build the Great Society. Together they can help restore our streams and rivers and lakes...and ease the burden on parks and playgrounds...and insure that the green fields and quiet forests need not disappear beneath concrete and blacktop.

In so doing, the worker and the farmer will find they can create not only a better land for themselves and all Americans to live in, but also a source of new jobs as well as new income opportunities to sustain the farm.

Specifically, let me talk to you now about developing outdoor recreation and, through this effort, how the farmer and the worker together can elevate the quality of living for millions of Americans while providing new income and job opportunities for many people, including many who now live in poverty.

One of the truly difficult problems of living with abundance is to recognize that leisure is to be enjoyed; that it should provide satisfying, enriching experiences for all of us.

Hunter P. Wharton, president of the International Union of Operating Engineers, put it well when he told delegates to the union's recent convention: "It may be that America is entering an era where true wealth will be measured by leisure time and its use, rather than by financial acquisition."

He said, "The keystone in this new life is some effective method of guaranteeing that the shorter week is, in reality, a social gain and not two jobs."

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He suggested that government at all levels take the lead in developing programs and facilities to "insure the individual the full riches of his new leisure," and urged a substantial increase in rural recreation areas... among other things.

This need is one which this administration early recognized and acted to meet. We not only have sought to develop public recreation areas, but we also have developed under the Agricultural Act of 1962 a number of ways for labor unions and groups of farmers to jointly develop and maintain outdoor recreation facilities in the countryside.

In fact, many groups of workers are now tentatively dipping their feet into this rural reservoir of recreational opportunities. Employees of a Utah power company recently leased a 160-acre ranch on the Yellowstone River as a vacation and sports area. A string of pack horses is maintained to take individuals and families on fishing, hunting and camping trips into a nearby wilderness area.

In Ohio, 400 employees of a firm are developing 100 acres of former cropland as a recreational park with the help of their employer. Each employee pays \$12 a year into a fund which is matched by the company to finance a fishing pond, outdoor theater, shelter houses, tennis courts, picnic tables, playgrounds and barbecue grills.

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These examples only touch the surface of what might be done by joint farmer-labor recreation development efforts. At the present time, the USDA provides loans, and in some cases grants, to encourage development of recreational facilities on farms. Through other programs, such as the small watershed program, we encourage development of recreational facilities and opportunities on a larger scale. These programs involve the land and water resources of groups of farmers in cooperation with groups of city people who want and need outdoor recreation opportunities. In the past two years we have helped finance golf courses, recreation farms, vacation farms, ski runs, marinas, little league baseball and a host of other recreational facilities.

Let me urge you, and through you all of organized labor, to actively explore the potential for developing outdoor recreation opportunities jointly with farmers and groups of farmers. This administration is prepared to extend its support and cooperation fully in any such undertaking.

There are a number of good reasons for this effort. Recreation is today a growing source of additional income to farmers and the rural community.

If recreation is grown where surplus crops were produced before, then the farmer, those who use the new recreation facilities, and the taxpayer all benefit. Recreation is a better use for land than idling it, or banking it, or growing more surpluses on it.

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Finally, it is abundantly clear that our rapidly growing outdoor recreation needs will never be adequately met on public lands alone. Most public land available for recreation is too far away from metropolitan centers for anything except extended vacations. Public facilities close to where people live already are becoming overcrowded. We need to expand and improve public recreation facilities enormously, but we also must turn increasingly to private lands -- the land and water which is most readily available near the cities if we are to enjoy this delightful "quality living."

Perhaps developing rural recreation seems like a small way for organized labor to begin working toward the new dimension of living which is the vision of President Johnson. But it is a clear way of demonstrating that, as the President said, we have the wisdom to use our wealth to enrich and elevate our national life.

I don't think we should mislead ourselves that the war on poverty -- and the effort to build the Great Society -- will be easy. The effort to translate our goals into words must not lead us to think that a grand crusade will quickly sweep all the ills of rural and urban America before us.

It will not be so. Rather, it will take a thousand and one small miracles...a labor union joining with a soil and water conservation district to create a recreational park...a farmer growing recreation in what once was a corn field...a union member building a summer home in Appalachia or northern Minnesota as new highways open them to new opportunity...a determination by farmers and workers that a child should not be condemned to ignorance because his parents are poor...an understanding that racial injustice makes us all poorer...a realization that illness and poor health should not be the penalty of an empty purse.

(more)

Nor should we think that in taming our fears of abundance by making it our servant we will necessarily reach a happy world when that job is finished. Fifty years ago, the age of abundance which now is upon us was then the ultimate goal.

Now that we are here...now that abundance is almost a reality...we know that a greater task always awaits us. Our challenge is to recognize we have the power to shape the civilization we want and, at the same time, to have the wisdom and the zest to mold it to our needs and desires.

The farmer and the worker standing together have this power. Let us together make it serve the good of all men.

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May 27, 1964
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I have looked forward to this meeting for some time. For me it is a time to renew old acquaintances...and to relive old experiences... and to remind both labor and agriculture of the strong bonds of common interest they share.

It is easy, as each of us pursues our daily goal, to forget the common traditions that unite the farmer and the worker.

Yet I have seen the farmer and worker, under conditions which strain the economy or place great stress on the aspirations of the people, work together in concert for the good of all.

As a Governor, I have seen the combined strength of the farmer and worker rescue an educational system from economic strangulation, and insure the opportunity for learning and knowledge for generations to come. I have seen the farmer and the worker join forces to modernize highways, to overcome the inertia of public indifference to mental health, to give new hope to the aged, to promote economic development and to expand public parks and playgrounds.

I know first hand that where the farmer and worker stand together, better communities are built and new opportunities for the better life are created.

Today, in a different way than at any time in the past, this country stands at a crossroad. Once again the bond uniting the farmer and

Address by Secretary of Agriculture Orville L. Freeman before the Amalgamated Lithographers of America, and The International Photoengravers Union, Leamington Hotel, Minneapolis, Minnesota, May 27, 1964, 3 p.m., (CDT).

the worker is tested and challenged. The future of the nation will be determined in no small part by how both respond together.

President Johnson last week stated the challenge this way:

"For a century we labored to settle and subdue a continent. For half a century, we called upon unbounded invention and untiring industry to create an order of plenty for all our people.

"The challenge of the next half century is whether we have the wisdom to use that wealth to enrich and elevate our national life -- and to advance the quality of American civilization."

We are today face-to-face with a new dimension of living -- a new age of abundance -- which so far eludes our national comprehension. We produce more than enough food for every person, yet some people go hungry. Our factories and plants can produce enough to satisfy the material needs of every person, yet we have unused capacity while the needs of many go unmet.

The challenge of abundance is easy to talk about but difficult to fulfill: What do we do with this enormous potential?

Do we, as President Johnson said, have the wisdom to go on to build "the Great Society"? Or will we, in failing to understand and meet the challenge of abundance, founder and lose our way?

There is fear now in agriculture that the technology and mechanization which have created our food abundance will drive down prices and cause the farmer and his family to lose their farm.

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There also is fear within labor that the technology and automation will take the worker's job.

How ironic! We have conquered scarcity in our fields and factories and yet we are fearful of this new dimension...of the promise of the Great Society that is opening before us.

The fear expressed by the farmer and worker is real enough, for we have seen jobs and farms disappear. But the fear should not paralyze our minds and our will so that we fail to grasp that we can be the master of abundance and not its servant.

Our economy is booming, and the President is determined that the longest period of economic expansion in peace time should continue and grow in strength. He recognizes that prosperity will enable us to adjust more easily to change and to grasp the new opportunities before us.

We should be confident, not frightened; optimistic, not despondent. We ought to enjoy the pulse of excitement. We ought gladly to accept this challenge. The farmer and the worker should stand together. They should bring to bear the power that is theirs alone...the power which with will and understanding can in our free society fashion for all people a better life than any of us know today.

I recognize, as do you, that there are some who seek -- and will continue to seek -- to set the farmer against the worker...and the worker against the farmer.

There are farm leaders who tell the farmer that the cost-price squeeze comes because of labor unions...they say that if it were not for high union wages, the most popular type of tractor would cost the

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equivalent of 1,800 bushels of wheat as it did in 1940 -- not 3,000 bushels as it does today. But they fail to say that this tractor, produced today with less labor than in 1940, can do two to three times as much work as the 1940 model.

There are some -- including even some who call themselves farm leaders -- who say that without price support programs, food costs would be lower. They fail to say that without price supports...the family farm system of agriculture which has brought us abundant food at the lowest cost in the world might be lost. Price supports help protect the farmers income, just as minimum wages and a union contract protect the worker.

The fact is that no effort to break the common bonds uniting the farmer and worker can hide the dependence of each on the other.

Agriculture is the cotter key holding nearly 16 million non-farm jobs in place -- jobs producing what the farmer needs, and jobs processing and distributing what he grows. Earlier this year when the Congress was considering new wheat and cotton legislation, there was more at stake than the income of wheat farmers or new markets for cotton producers. More than 58,000 jobs in factories, shops and stores throughout the country also rode on that legislation. If the legislation failed to pass, then thousands of people who make and sell the products which farmers need in the fields or in the home would have had unemployment checks this year instead of paychecks. Gross farm income during the past three years is \$8 billion higher than if 1960 farm income levels had continued -- and 200,000 more jobs off the farm have been created as a result of the increased spending power of farmers.

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The farmer is an enormous consumer of machinery, trucks, equipment, fuel, chemicals, fertilizer and countless services, in addition to goods and services for personal and family needs. Each year he spends over 40 billion dollars...dollars which multiply and flow through the entire economy. When the farmer feels pinched, the pain is expressed in the cry of an unemployed factory worker.

Agriculture affects us all in another way...in the dollars and good will it earns in export markets. Fully one out of every four dollars in the value of products we export today is accounted for by agriculture. This year we anticipate that the export of farm products will run about \$6 billion. Nearly three-fourths of this represents actual dollar earning...dollars which contribute to the plus side of our balance of payments ledger. The other portion of our farm exports are sent through the Food for Peace program to help alleviate hunger and malnutrition throughout the world....and to help create the conditions which will enable developing countries to stay free and to become future dollar customers.

As the worker depends on the farmer, so does the farmer depend on the worker. If the worker had not improved his position, then the farmer today would not be able to market the volume or variety of food and fiber he now produces. Agriculture is a \$40 billion industry because the worker has made it a \$40 billion market.

So it is clear that farmer and worker, representing the majority interests of our people, share a common purpose. And so long as they work in concert they have the power to realize that purpose. No other people since the dawn of time have had the opportunity which abundance opens to us. The worker and the farmer building together can create a better life for all people.

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The experience of both unions represented here in dealing with the effects of new technology in the printing industry -- plus the historic merger taking place this week -- illustrates this.

Technological change which can end a man's earning ability as suddenly as a terrible illness, never comes as a surprise. Through the Committee on Technological Developments, your union is informed and prepared to say how these techniques can best be integrated into the industry.

And through the educational and training committee, you are prepared to help your members keep pace with change through training and retraining programs. The joint union-employer training institutes, opened first in New York and Chicago and extended only last year to the Twin Cities, are another valuable device for raising the skills of the members of this union.

Close cooperation between industry and labor also is maintained through the joint liaison committee, a mechanism to jointly explore manpower needs as well as to maintain good communications.

This willingness to more than meet the future half way can also be seen in the merger of the lithographers and photo engravers. For three years you have discussed this move, and I congratulate you for the vision and determination to see it through. Together you not only will protect the advances each union has made but also will be able to secure even greater benefits for all your members. You have, as one of your leaders said, created "a modern union, able to deal with the vast technological developments in the graphic arts."

This progress illustrates what determined leadership and enlightened action can do. You are grappling with the human aspects of the technological revolution. Thus, while automation is still a threat as well as a promise, you are learning your way.

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U. S. Department of Agriculture
Office of the Secretary

THE THIRD REVOLUTION

C & R-ASF

Commencement is a happy time for young people and a proud time for their families. It is therefore a special honor to be entrusted with a place on this program. And it is a special pleasure to be on such an attractive campus in the picturesque hills of West Virginia.

Many people visit West Virginia both for its beauty and to get away from the heat in Washington. Today such is not my purpose, although it is true that the Secretary of Agriculture does experience "heat" -- more I suspect than most Washington residents.

Many people say that the Secretary of Agriculture has the worst job in Washington -- some even say in the world. But -- after almost 3½ years in the job -- I cannot agree.

On the other hand, it is true that my job has its frustrations.

It is frustrating to realize that American farmers are the most accomplished providers in the history of the world -- yet rural America remains the scene of almost half of our Nation's poverty.

It is frustrating to realize that net income per farm has risen 16 percent since 1960 -- yet the average income of people in farming is still only 60 percent of that received by individuals who are not farmers.

Commencement Address by Secretary of Agriculture Orville L. Freeman at
Shepherd College, Shepherdstown, West Virginia, June 1, 1964, 10:00 a.m., EDT

It is frustrating to see agriculture labeled as a "problem" when it is first and foremost a tremendous success -- providing Americans with such plenty...with much quality...at such a low real cost...that we take it for granted and complain accordingly.

Yet I am not a frustrated man. But I am a man with a challenge. I am perhaps challenged beyond the limits of any one man to deliver. Yet I find the struggle tremendously exciting...and I want to share with you, if I can, some of the excitement, some of the suspense, some of the thrill, of working in the vanguard of a major economic and social revolution.

It is a story that affects each of you personally because your generation -- like mine -- will be called on to deal with it...and to build your lives in its turbulence.

In something like a million years of human existence, mankind has been through only two major productive revolutions.

For more than 99 percent of the time he has been on earth, man existed by finding food. He gathered it, picked it, fished for it, or hunted it with primitive weapons. But it never occurred to him to plant crops and look after them. It never occurred to him to domesticate animals and use them for food.

When it did occur to him, he had a revolution on his hands.

And this was not so long ago -- perhaps 8,000 years. Look at it this way. If you assume that man has been on earth for a total of 24 hours -- then the Agricultural Revolution is only 12 minutes old.

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It brought far-reaching changes. A settled agriculture made civilization possible. It enabled some societies to produce a surplus above subsistence. It permitted the development of a small intellectual elite. It is quite possible that the full-time intellectuals in the extraordinary age of Pericles were a group not much larger than this graduating class. Yet their contribution to civilizations, including ours, is enormous.

The second great productive revolution came much more rapidly.

Put man's existence on a 24-hour clock once again, and the Industrial Revolution began about a half minute ago. Yet in the less than 200 years of this revolution, the substitution of power for muscle has had an impact on virtually the entire human community. It created the industrial era which we are now leaving.

We are only beginning to grasp the implications of the third productive revolution now in process. It manifests itself in different ways. We talk about it in different terms -- depending on our chief interests.

Some call it a cybernation revolution.

Certainly, there is an enormous portent in the building of electronic machines of such enormous complexity that in many ways they can be substituted for the human brain -- in fact for the entire nervous system. We not only have electronic brains, we have electronic brains with a high school education.

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My colleague in the Cabinet -- Secretary of Labor W. Willard Wirtz -- points out further that some machines even have college and post-graduate educations. And the striking thing is that the performance levels of these machines are rising more rapidly than the educational attainments of human beings.

The third revolution is called by some an automation revolution.

One machine takes over the job of boring and machining the engine block for an automobile or tractor -- and an entire production line can be closed down. Inspection is performed automatically, and the human hands and eyes thus freed can be devoted to more productive and satisfying assignments -- we hope!

An automobile manufacturer once asked a great American labor leader, Walter Reuther, President of the United Auto Workers: "Where are you going to look for jobs when machines take over the work of making cars?" The reply was quick: "The same place you'll be looking for new car customers when our people no longer have jobs."

Then there are some who say we are in a communications revolution.

Certainly, the high speed transmission of business data can revolutionize management. Immediate market decisions can be made by executives thousands of miles away. New kinds of visual aids widen the dimensions of business decision making -- as well as of education and the arts.

Examples: The cartridge inserted television set which plays programs like a phonograph is already being field tested. The pocket

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projector will follow. These are some of the less spectacular developments that are in the minds of the communications people. The sky is not even the limit.

Or you might call this an information revolution. Of all the scientific information available in the world, over half has been produced in the past 10 to 20 years. And we can expect a doubling in output each decade for at least the 20th century. The job of assembling, storing, and communicating this information is a major concern in scientific circles.

Each of these is a revolution of a kind. Each is related one to the other. Each is a part of the third great productive revolution, which I choose to call THE REVOLUTION OF ABUNDANCE.

So as we take a quick look at the history of man, we find the Agricultural Revolution...the Industrial Revolution...and now the Revolution of Abundance.

And the third revolution is the most unique and far-reaching of all...for it is an entirely new dimension to human experience.

Throughout the agricultural and industrial revolutions, our institutions and our attitudes were fixed by the conditions of scarcity... of not quite enough of everything for everybody. The goal was clear and simple, even though the means might be complex -- it was to produce more because there wasn't enough to go around.

The new dimension in our third productive revolution is the potential for abundance that science and technology have made possible in today's world -- it is that we can produce enough to go around.

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For the first time in history we know that it is physically possible to produce plenty, not just for a few but for everyone on earth. It is physically possible to produce this abundance with fewer farmers... fewer workers...and more machines. This is the potential of automation, technology and mechanization in the new world of potential abundance.

You are coming to your majority as this Nation begins to explore the potential for the great society which abundance can provide. This is the challenge which spurs me on as Secretary of Agriculture, for agriculture has progressed further beyond the abundance barrier than any other segment of our economy.

Some people tell me that agriculture is out of step with the rest of the economy. They are right in what they sense, but their analysis is wrong. Agriculture has been dealing with the challenge of abundance for more than a decade, a challenge that only now is beginning to be felt more generally throughout the rest of the economy. Agriculture has not been out of step, it has been a pace ahead of the rest of our economy.

It is your opportunity to explore this new dimension...this new frontier of abundance as it will increasingly affect all areas of our national life in the days ahead. What we make of it will largely depend on how well you and the thousands of others who are graduated today and in the years ahead from colleges and universities have prepared for it... and how well you continue to study and learn as you experience the impact of the revolution of abundance.

(more)

President Johnson, speaking on the University of Michigan campus last month, described the challenge in these words:

"The challenge of the next half century is whether we have the wisdom to use the wealth to enrich and elevate our national life -- and to advance the quality of American civilization."

This will require that you and all of us break the mold which presently tends to restrict the boundaries of our thinking to dimensions of scarcity rather than of abundance.

There is nothing in history, except the record of man's creative ability, which tells us how we are to meet this new challenge of abundance.

The potential is enormous. We know that by 1975:

*there will be 8 million more families than there are today, and 8 million more students in college -- twice the present number;

*the gross national product will be almost a trillion dollars a year;

*there will be 93 million people in the work force;

*per capita income will be 50 percent greater than it was in 1960.

This is a future of great promise...a future which should excite and stimulate all people.

(more)

Yet we know there is fear and great uncertainty in the minds of many people as to what the future holds in store. Some are farmers who have seen the neighboring farm disappear as production soared and prices dropped. They fear that they are next. Others are the workers who have seen machines replace jobs at the next bench or in nearby shops. They fear that they are next. Some are people who have known only discrimination, and the poverty and deprivation it brings. They fear it will never end. Some are people who know only that their children, like their parents before them, are cut off from prosperity. They fear there is no escape.

These fears are real for just one reason -- the failure of our generation, thus far, to take full advantage of the greatest opportunity mankind has ever seen.

The revolution of abundance has released hundreds of millions of man-hours of talent and effort which are no longer needed for the sheer physical production of the necessities of life.

Now that machines have taken over the drudgery, what is left for human brains and human hands?

What we must achieve is a revolutionary reallocation of human energy that corresponds in magnitude to the technological revolutions we are passing through.

Because we have failed in that reallocation, the released man-hours are reflected in unemployment, and underemployment, and frustration, and privation -- when they ought to be employed in other ways.

(more)

You may ask: How can they be used, if we need fewer and fewer people to produce our food, clothing, and shelter?

The answer is: They must be used to help create what President Johnson has called the Great Society.

Look all around us. There is work to be done -- endless work. It is a different kind of work -- that is all. And it is far more creative, far more challenging, far more inspiring than the kind of work to which the rigors of existence compelled our forefathers to devote their time.

To serve the American ideal of giving every child an equal opportunity to develop his talents to the fullest, we should be using -- over the next few years -- fully a million more people in the field of education. Here is America's great growth industry. The finest private schools don't figure in terms of 30 or 35 or 40 pupils per teacher; they figure in terms of 15 or 20. Is there any reason why our public school system, all over America, should not be elevated to the kind of standards that only the rich have been able to enjoy? The answer is no. For the first time in history, the resources of talent and manpower are freed for these kinds of purposes.

If the health needs of our people were to be fully met, from the cradle to the grave, in every region and in every home, hundreds of thousands more people would be employed.

Look at our urban and rural slums. If we can redirect the liberated energies of our people into the rebuilding and revitalizing of sick and dying communities, the manpower that can be used will be almost limitless.

(more)

We must rescue our countryside from misuse, and begin the greatest conservation movement in all history. We must clear our rivers and streams from pollution and cleanse the air of the waste that now befouls it. We must develop new parks and playgrounds and, at the same time, recognize that farm land can produce recreation as well as food and fiber for an income crop.

We must preserve the green areas and open spaces which sustain the spirit and give true meaning to life.

All this requires manpower -- and womanpower.

This massive reallocation of America's resources is not just idle daydreaming. It is grim necessity, too. Because the alternative to utilizing our resources of manpower for the great, constructive jobs that demand attention is not to use them at all. And our society cannot rest upon a base of idle, unemployed, despairing people -- without, sooner or later, the kind of explosions that have wrecked other societies in similar circumstances in the long course of history.

It is a happy choice to make. But it is not an easy one to carry out.

The first requirement is that we adjust our minds and attitudes to the new era of abundance. The empty shibboleths that have carried over from earlier centuries, before the revolutions of our time, must be swept aside.

(more)

After that, there are many other requirements: Our educational institutions must make the adjustments necessary to turn out young people for the growth occupations of the future. For some of these occupations -- like the lieutenants, captains, and majors in the war on poverty -- nobody has yet developed hardly any curricula at all.

The relations between Federal, state, and local governments must be further adjusted, in directions in which we are already clearly moving, to permit a pooling of resources and a concert of effort.

The distribution of resources between the private and the public sectors of the economy must be reconsidered.

The notions and concepts of planning -- which for a time were considered subversive in many circles -- must be brought the rest of the way back into good repute.

We must somehow bring about a revival of conscience and of the old tradition of neighborliness -- the realization that racial discrimination is intolerable, that denial of adequate hospital care is an indecent penalty on old age, that poverty is an infection that weakens and demeans a proud and prosperous people, that ignorance and lack of education can be removed from the American spirit.

There is no blueprint...no grand design which tells us how best to respond to the challenge. Perhaps there never will be. Instead, we must work our way step by step, learning as we go, how to creatively shape our new world of abundance.

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Our attitudes will be guided by our understanding that the material wealth to create the Great Society is at our disposal...and that the larger task is to mobilize the power for good that lies in people's essential willingness and desire to assume responsibility for something more than their own personal condition.

Your generation has shown formidable signs of this wisdom, as reflected in young America's response to the Peace Corp.

It is within our power to make the decisions to use this wealth to serve the good of all men. If history will not provide the blueprint we seek, it will show us how man responded to the other two revolutions...and we can learn from this.

The agricultural revolution led to the Golden Age of Greece and the foundations of western culture...and to the terror of the middle ages.

The industrial revolution led to the rise of middle class democracy...and with Hitler to the ravages of civilized man gone mad.

The revolution of abundance can lead to new dimensions of a life and society greater than ever before...or to the end of civilization; we can reach out to new planets...or we can destroy this planet.

This is the challenge of abundance. These are the decisions which you will make. Never before have so many people had so great a voice in so massive an opportunity.

(more)

It is a tremendously exciting time to be alive, especially for young people like yourself who arrive on the scene better prepared than any of us who speak here today. Be sure you make the most of it. As the popular saying goes "Live it up".

I congratulate you on your success and wish you Godspeed.

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June 4, 1964

Statement of the Honorable Orville L. Freeman
Secretary of Agriculture
before the
House Ways and Means Committee
on the
Cattle and Beef Situation

June 4, 1964

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NATIONAL AGRICULTURAL LIBRARY

Beef cattle hold a key place in American agriculture. Marketings of cattle and calves accounted for 23 percent of the total cash receipts from marketings of farm products in the United States during 1963. In 11 States, cattle and calves account for one-third of all farm marketings.

Changes in the cattle industry during the last 18 months are having serious adverse effects on a broad sector of American agriculture and on the entire economy. Prices of choice fed steers at Chicago dropped from an average of \$27.67 per cwt. in 1962, to just under \$24 in 1963, and to less than \$21 in the spring of this year.

I am deeply concerned over these developments. The President has repeatedly expressed his concern over this critical matter and has given many hours of personal attention to it. He has instructed me to give it the highest priority. I have given it personal and detailed attention every day for many weeks, as have the skilled technical and professional people in the Department of Agriculture.

If we are to act effectively we must first of all understand what has taken place and what we are faced with in the future. For many years, wide swings in cattle numbers and prices have been a major

characteristic of the American cattle industry. For several decades the total number of beef cattle has trended upward, but has also moved in a cyclical fashion, reflecting adjustments which cattlemen have found it necessary to make periodically.

The build-up in the previous cycle began in 1949. Cattle numbers peaked in 1955, and then declined through 1957. Herd expansion in the current cycle began in 1958. Since then numbers have increased steadily to a total of 106.5 million for all cattle on Jan. 1, 1964. Some further increase is expected next Jan. 1.

In periods of rising prices, cattlemen tend to add to their breeding herds and to sell fewer cows for slaughter. This lays the basis for future increases in the calf crop. Eventually, the expansion reaches a point where beef production increases sharply and market prices decline. Falling prices in turn lead to liquidation of herds and the start of a new cycle.

Cattlemen will in all likelihood face these adjustments in the future as they have in the past. They usually take several years and result in severe hardship to many in the industry before beef production is again in line with demand at satisfactory prices.

Wide price swings are also characteristic of the beef cattle industry. Early in 1950 the price of fed steers rose sharply, reaching an annual average of almost \$36 per hundredweight in 1951. Prices then declined to \$21.99 at Chicago in April of 1953, and in February of 1956 were down to \$18.88.

Prices improved over the three years, 1958-60, averaging \$26 to \$27 each year. Some decline occurred in 1961 but in 1962 average prices rose to \$27.62 -- the second highest annual average of the past decade.

In the 1950's, cow prices tended to follow steer prices. Prices for utility cows at Chicago averaged below \$12 per hundredweight from 1954 through 1956, when prices for fed cattle were low. Cow prices strengthened with steers in 1958, and remained generally strong since, even though steer prices have been weak since early in 1963.

The major factor in the current cattle price situation has been the expansion in domestic beef production of the past several years. This expansion grows out of increased beef cattle numbers and the growing importance of cattle feeding in the United States.

The expansion of cattle numbers has been phenomenal. From 1950 to 1960 total number of beef cattle rose from 43 million to 66 million head -- or by more than 50 percent. Since 1960, beef cattle numbers have risen further and now stand at 79 million head -- an increase of over 4 million in 1962 and almost another 4 million in 1963. The total number of cattle -- beef and dairy -- increased from 78 million to 96 million during the same period.

The number of cattle moving through feedlots before slaughter has also been increased sharply. Cattle and calves on feed in major states have doubled since 1950, while total cattle numbers gained only

37 percent and beef cattle numbers 85 percent. The live weight per head of cattle commercially slaughtered reached an all-time high of 1,024 pounds in 1963. Increased weight per head over 1962 added 450-500 million pounds to the beef supply in 1963, almost twice as much as was added by increased imports in 1963. Beef consumption has also expanded sharply -- from 63 pounds per person in 1950 to 95 pounds in 1963.

Both the taste for beef and the ability of consumers to buy beef have been growing steadily. But there are limits to the extent to which consumer purchases can be increased from year to year. In the past decade, consumer purchases of beef have increased by 3 to 4 percent annually. When supplies are placed on the market at a faster rate, they can be sold only at substantially lower prices. The increased per capita beef supply of 15 pounds in 1953, for example, was absorbed only by a \$9.00 per hundredweight drop in fed steer prices -- from \$33.18 in 1952 to \$24.14 in 1953.

The increase of more than 1 billion pounds in domestic beef production in 1963 represented a 7 percent increase in supply. Population had increased, but the per capita supply was up about 6 percent. This was clearly the major factor causing prices of fed cattle to decline last year.

Larger domestic output of other meats and broilers also contributed to a decline in fed cattle prices. The output of other meats totaled one-half billion pounds more in 1963 than in 1962; the production of broilers reached an all-time high.

Imports of beef and veal increased last year by about 240 million pounds. But as noted later, increased imports had only a small and indirect effect on fed cattle prices. Imports had begun to increase in 1957 as the production of cow beef began to decline substantially. Cow beef output was 4.4 billion pounds in 1955, but declined sharply to only 2.8 billion pounds in 1963. This declining production of cow beef in the United States caused firms making hamburger, frankfurters and similar processed meat products to seek other sources to augment the dwindling domestic supply. As a result, by 1963 total imports of beef and veal (not including live animals) had reached 1.7 billion pounds (1.1 billion pounds product weight) or 9 percent of domestic consumption. Beef imported as live cattle brought total imports to 10.7 percent of domestic consumption in 1963. In 1957 beef and cattle imports had amounted to only 3.9 percent of domestic consumption.

During most of the 1957-63 period when imports were rising, prices of cattle were at reasonably satisfactory levels. Prices were, in fact, generally on a rising trend as imports climbed. In 1958, imports rose from 3.9 to 8.6 percent of production; fed steer prices averaged nearly \$4.00 higher and cow prices nearly \$5.00 higher than in 1957. In 1960, both cattle prices and imports declined. In 1962, when imports reached a record level and amounted to 10.5 percent of our beef production, fed steer prices held strong at an average of \$27.67 per hundredweight.

The present extended price break has been confined largely to fed cattle. Cow prices weakened late in 1963, but have strengthened this year and are at levels close to those of the last five years. Most of our beef imports are of the same quality as cow beef, not U.S. choice beef from grain fed cattle where we have had the price drop. The effect of beef imports on our fed cattle prices is small and indirect. The effect of increased supplies from our own feedlots last year far outstrips the effect of increased imports.

Our markets absorbed about 4 pounds increased production largely of fed beef, for each 1 pound increased imports largely of low quality beef. Comparison of the two types of beef is like comparing apples and oranges. They are different but related products with different end uses.

We estimate that a 10 percent increase in the per capita supply of fed beef will reduce prices of fed cattle by 13 to 15 percent. During 1963, domestic production of fed beef rose by 8 percent per capita. The result was a decline in the price of fed steers of approximately 11 percent from the 1963 average of \$27.67. Thus about \$3 per hundredweight of the decline of \$3.70 in the price of choice steers in 1963 has been attributed to increased supplies from our own feed lots. Only about 50 cents of the decline is attributed to increased imports. This price depressing expansion of domestic beef production is continuing as the quantity of beef produced under Federal inspection during recent weeks has been at record levels. Total beef production is running 13 percent above last year.

Marketings of fed cattle during the second quarter of this year will be larger than in the first quarter and substantially larger than in the second quarter of 1963. For the year, no real price improvement based on normal market forces can be expected if feedlots continue to be filled and cattle continue to be fed to heavy weights. It follows that we face a serious situation for at least the balance of this year.

However, a number of actions to improve the situation are being taken.

Imports of beef and veal this year are now expected to be at about the 1959-63 average level. This is the level advocated by many groups in the cattle industry. It is being accomplished without legislation, and with the cooperation of our major beef suppliers. Shipments by our four major suppliers of fresh and frozen beef are now expected to be at about their 1959-63 average level.

Taking all our suppliers of beef and veal together, it now appears that shipments from those countries destined for the United States in this calendar year will be about one-fourth below 1963. Beef exporting countries have recognized the commercial possibilities in the European market and have moved to fill that need to the mutual advantage of all concerned. U. S. farmers and ranchers appreciate the spirit of cooperation which these countries have shown in connection with the crisis our farmers face from low beef prices.

Meanwhile, the supplies of competing meats are leveling off. Both pork and broiler production were higher in the first three months of 1964 than in 1963. For the rest of the year, however, supplies of pork are expected to be down 3 to 5 percent. Supplies of lamb and mutton will be lower, and broiler production is being cut back.

Beef purchases for schools and needy persons have been sharply increased. Through May 29, the Department had purchased 90 million pounds of frozen and canned beef at a cost of \$52 million since the special purchase program was announced on February 29. During the week ending May 16, purchases were nearly 12 million pounds, approximately 5 percent of weekly production. Stepped up purchases by the Department of Defense are drawing additional supplies from the market. It is estimated that

removal of 5 million pounds of choice grade beef per week adds about \$0.65 per cwt. to the market price farmers receive for choice grade steers at Chicago. This does not assure that prices will increase with increased purchases. It does mean that prices are higher than they would have been without such purchases.

The Department of Agriculture will continue to purchase beef for use in our food programs. Funds are available to continue substantial purchases through this fiscal year, and in the 1965 fiscal year. Decisions regarding the level of purchases must be made from week to week, however.

Vigorous industry-Government promotional efforts are also under way. Major retail food stores in all sections of the country indicate the current merchandising drive is showing satisfying results. Most of the larger retailers report increases from 8 to 25 percent over sales during the same period a year ago.

The creation of a National Advisory Committee on Cattle in March has also provided an effective means of determining the views and recommendations of the cattle industry. The Committee met at my request on May 18-19 and recommended aggressive action to develop export markets, continuation of the beef purchase program, further efforts to reduce imports by voluntary arrangements with our suppliers, broadened emergency credit authority, and changes in beef grading to encourage marketing of lighter-weight cattle. The Advisory Committee opposed incentive payments to encourage marketings of lightweight cattle.

We are moving swiftly to develop export markets for beef. A Presidential mission representing cattle producers, the beef industry and the USDA reports an export market potential in Europe for our lower grades of beef generally,

plus some specialized outlet possibilities for higher grades. Some small sales have already been made. A market development agreement between the Department of Agriculture and the American Meat Institute has been concluded and this program is under way. We are not at this time considering the use of export subsidies in connection with commercial exports of beef. And any possible shipments of beef under Public Law 480 will be undertaken only after the usual consultations with other suppliers.

Recent price movements, for the first time in many years, have pushed European prices to a level where U. S. meats may be able to compete. In addition, European countries -- faced with a real beef shortage -- have relaxed some of the barriers which inhibit trade in beef. France reduced her duty on beef from 20 to 10 percent in late May, for example.

Exploratory missions from France and Italy are in the United States now.

This Administration has also asked Congress to establish a commission to investigate our food marketing structure and its impact on marketing costs and margins. Since 1954, the difference between the price received by the farmer and the price paid by the housewife for beef has increased from about 24 cents a pound to 37 cents. We need to know why such changes have occurred and whether or not really competitive conditions in the trade make it possible for consumers to gain the benefits of reduced costs that come from greater efficiency in production and marketing.

Hopefully, we will be exporting more beef and other red meats before this year is over. Whatever the result of this effort, I want to emphasize that the national interest requires that we expand agricultural trade.

Agricultural commodities make up 26 percent of total exports, and will be about \$6 billion this year. Nearly three-fourths of these sales are for dollars, and represent a key contributor to our balance of payments.

Exports of livestock products are very important, although beef exports have not reached major proportions. In 1963, exports of livestock and livestock products were valued at \$364 million, including \$54 million in meat products -- mostly poultry and pork. The remainder was largely tallow, hides and skins, and lard. By contrast, imports of beef and veal amount to \$354 million in 1963.

Every section of the country has a significant stake in expanding agricultural exports. It is well to keep in mind that for most States exports of cotton, soybeans and grain far exceed the value of beef imports which compete with beef production in that State. If exports of soybeans and grains are pro-rated to the States on the basis of production, Iowa exported \$206 million worth of products in 1963. Iowa's pro-rata share of beef imports based on beef production amounts to only \$41 million. For Nebraska the comparison is \$160 million in grain and soybean exports against a \$26 million share in beef imports. For the South Atlantic States, the ratio is \$162 million in cotton, soybeans and grain exports against \$14 million as the pro-rata share of beef imports. (See accompanying table)

These examples serve to point up the fact that it is not in the interest of ranchers and farmers in the United States that we risk the

export markets for our agricultural commodities by taking arbitrary action in connection with imports of beef into the United States. Expanding exports will add to farm income and will reduce the extent of over-capacity in U. S. agriculture. Further reducing beef imports, as shown earlier, will have a negligible effect on beef prices and on farm incomes.

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CATTLE AND BEEF STATISTICS

May 11, 1964

Table 1. Cattle and calves on farms January 1: Number by classes, United States, 1940 to date 1/

Year	Kept for milk					Other					Total	
	Cows & heifers	Heifers	Heifer calves	Total	Cows & heifers	Heifers	Calves	Steers	Bulls		cattle and calves	
	2 yrs. & older	1-2 yrs. old			2 yrs. & older	1-2 yrs. old		1 yr. and older	1 yr. and older			
- 1,000 head -												
1940....	24,940	5,525	5,967	36,432	10,676	3,357	10,936	5,283	1,625		31,877	68,309
1941....	25,453	5,676	6,254	37,383	11,366	3,789	11,413	6,119	1,685		34,372	71,755
1942....	26,313	5,889	6,635	38,837	12,578	4,055	12,219	6,596	1,740		37,188	76,025
1943....	27,138	6,067	7,035	40,240	13,980	4,547	13,239	7,361	1,837		40,964	81,204
1944....	27,704	6,352	7,201	41,257	15,521	4,971	13,768	7,849	1,968		44,077	85,334
1945....	27,770	6,307	6,772	40,849	16,456	5,069	12,871	8,329	1,999		44,724	85,573
1946....	26,521	5,758	6,270	38,549	16,408	4,859	12,810	7,727	1,882		43,686	82,235
1947....	25,842	5,524	6,317	37,683	16,488	4,636	12,804	7,109	1,834		42,871	80,554
1948....	24,615	5,550	6,004	36,169	16,010	4,518	12,046	6,672	1,756		41,002	77,171
1949....	23,862	5,327	6,081	35,270	15,919	4,657	12,033	7,270	1,681		41,560	76,830
1950....	23,853	5,394	6,208	35,455	16,743	4,754	12,516	6,805	1,690		42,508	77,963
1951....	23,568	5,493	6,337	35,398	18,526	5,122	14,319	7,029	1,689		46,685	82,083
1952....	23,060	5,694	6,481	35,235	20,863	5,971	15,829	8,400	1,774		52,837	88,072
1953....	23,549	5,893	6,479	35,921	23,291	6,535	17,440	9,147	1,907		58,320	94,241
1954....	23,896	5,873	6,392	36,161	25,050	6,365	17,978	8,229	1,896		59,518	95,679
1955....	23,462	5,786	6,094	35,342	25,659	6,514	18,804	8,444	1,829		61,250	96,592
1956....	22,912	5,407	5,890	34,209	25,371	6,206	18,869	9,483	1,762		61,691	95,900
1957....	22,325	5,267	5,699	33,291	24,534	5,926	18,405	8,991	1,713		59,569	92,860
1958....	21,265	5,126	5,571	31,962	24,165	5,903	18,275	9,252	1,619		59,214	91,176
1959....	20,132	5,050	5,526	30,708	25,112	6,557	19,407	9,931	1,607		62,614	93,322
1960....	19,527	5,079	5,575	30,181	26,344	7,036	20,425	10,574	1,676		66,055	96,236
1961....	19,361	5,063	5,550	29,974	27,102	7,069	20,705	10,977	1,707		67,560	97,534
1962....	19,167	4,965	5,418	29,550	28,305	7,333	22,050	11,060	1,704		70,452	100,002
1963....	18,679	4,823	5,149	28,651	29,970	7,909	23,330	12,129	1,747		75,085	103,736
1964....	18,073	4,560	5,021	27,654	31,779	8,313	24,417	12,513	1,812		78,834	106,488

1/ Includes Alaska and Hawaii beginning 1961.



Table 2. Beef and veal production, by class of slaughter, 48 States, 1940 to date

Year	Beef					Veal				
	Commercial		Total	Farm	Total	Commercial		Total	Farm	Total
	Federally:	Other				Federally:	Other			
	inspected:	2/				inspected:	2/			
	1/					1/				
	Million	Million	Million	Million	Million	Million	Million	Million	Million	Million
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
1940	4,964	1,984	6,948	227	7,175	568	328	896	85	981
1941	5,732	2,126	7,858	224	8,082	599	353	952	84	1,036
1942	6,343	2,249	8,592	251	8,843	667	399	1,066	85	1,151
1943	5,966	2,340	8,306	265	8,571	597	481	1,078	89	1,167
1944	6,652	2,149	8,801	311	9,112	926	703	1,629	109	1,738
1945	7,236	2,700	9,936	340	10,276	823	729	1,552	112	1,664
1946	5,661	3,349	9,010	363	9,373	642	687	1,329	114	1,443
1947	7,535	2,561	10,096	336	10,432	904	589	1,493	112	1,605
1948	6,433	2,333	8,766	309	9,075	791	532	1,323	100	1,423
1949	6,998	2,144	9,142	297	9,439	746	494	1,240	94	1,334
1950	7,051	2,197	9,248	286	9,534	667	470	1,137	93	1,230
1951	6,431	2,118	8,549	288	8,837	583	389	972	87	1,059
1952	7,157	2,180	9,337	313	9,650	650	430	1,080	89	1,169
1953	9,368	2,687	12,055	352	12,407	882	569	1,451	95	1,546
1954	9,681	2,920	12,601	362	12,963	931	620	1,551	96	1,647
1955	10,195	3,018	13,213	356	13,569	903	584	1,487	91	1,578
1956	11,018	3,072	14,090	372	14,462	974	567	1,541	91	1,632
1957	10,704	3,148	13,852	350	14,202	875	567	1,442	84	1,526
1958	10,106	2,877	12,983	347	13,330	667	436	1,103	83	1,186
1959	10,462	2,771	13,233	347	13,580	575	354	929	79	1,008
1960	11,442	2,932	14,374	353	14,727	623	402	1,025	83	1,108
1961	12,026	2,904	14,930	368	15,298	586	374	960	84	1,044
1962	11,984	2,947	14,931	365	15,296	575	361	936	79	1,015
1963	13,137	2,912	16,049	374	16,423	513	334	847	80	927

1/ Includes slaughter in war-duration or "Fulmer" plants 1942-46.

2/ Total based on unrounded data.

Total commercial production of beef and veal 1/
(Million pounds)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
BEEF												
1962	1,327	1,111	1,232	1,141	1,312	1,275	1,284	1,343	1,194	1,357	1,209	1,146
1963	1,346	1,170	1,276	1,304	1,405	1,312	1,371	1,397	1,342	1,513	1,300	1,316
1964	1,511	1,299	1,412									
VEAL												
1962	82	69	78	71	79	73	76	86	81	93	79	69
1963	78	66	68	65	65	61	71	76	76	83	70	67
1964	75	64	68									

1/ Does not include farm slaughter.

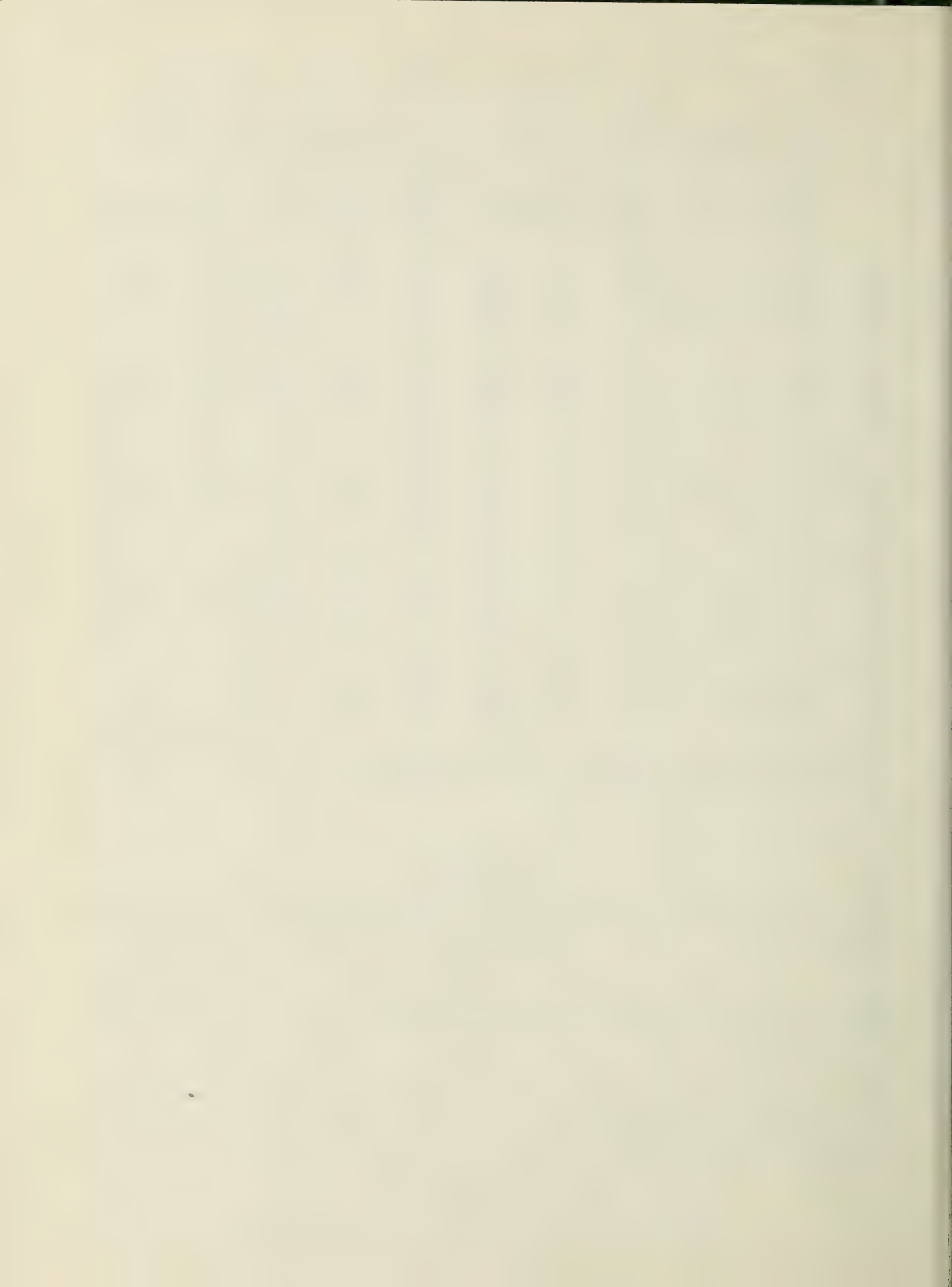


Table 3. Cattle and calves on feed, 26 States, January 1, 1940-59,
and by quarters, October 1959 to date 1/

Year	: : January 1 : :	April 1 : 2/ : :	July 1 : 2/ : :	October 1 : 2/ : :
	1,000 <u>head</u>	1,000 <u>head</u>	1,000 <u>head</u>	1,000 <u>head</u>
1940	3,633			
1941	4,065			
1942	4,185			
1943	4,445			
1944	4,015			
1945	4,411			
1946	4,211			
1947	4,322			
1948	3,821			
1949	4,540			
1950	4,390			
1951	4,534			
1952	4,961			
1953	5,762			
1954	5,370			
1955	5,795			
1956	5,929			
1957	6,122			
1958	5,898			
1959	6,601			5,012
1960	7,173	6,671	5,652	5,127
1961	7,645	7,100	5,822	5,597
1962	7,865	7,230	6,072	6,069
1963	8,887	8,079	6,829	6,704
1964	8,781	8,175		

1/ Cattle and calves on feed are animals being fattened for the slaughter market on grain or other concentrates and are expected to produce a carcass that will grade good or better.

2/ Totals for the 26 States for April 1, July 1, and October 1 quarters not available prior to October 1, 1959.



Table 4. Meat animal imports: Number of cattle imported,
United States, 1954 to date 1/

Year	Cattle						
	700 pounds and over			Under 700 pounds			Total
	Cows for	Other	Total	Under	200 to	Total	
	dairy			200	699		
	purposes			pounds	pounds		
- Head -							
1954.....	17,633	46,798	64,431	2,872	3,377	6,249	70,680
1955.....	26,676	73,696	100,372	3,795	191,849	195,644	296,016
1956.....	24,364	14,038	38,402	4,419	97,984	102,403	140,805
1957.....	19,342	230,272	249,614	18,400	434,901	453,301	702,915
1958.....	20,841	311,724	332,565	16,811	776,837	793,648	1,126,213
1959.....	16,600	135,956	152,556	31,775	503,725	535,500	688,056
1960.....	20,618	80,496	101,114	33,852	509,584	543,436	644,550
1961.....	25,018	125,070	150,088	37,260	835,451	872,711	1,022,799
1962.....	15,515	108,937	124,452	66,240	1,041,564	1,107,804	1,232,256
1963 2/.....	11,876	69,163	81,039	63,739	688,938	752,677	833,716

1/ Imports for consumption. Imports from Virgin Islands not included.

2/ Data are preliminary.

Meat animal imports: Number of cattle imported, United States
by months 1962 and 1963

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
- Head -												
1962..	86,694	97,354	96,694	115,821	88,244	43,928	22,115	31,831	47,583	146,936	254,679	200,377
1963 1/	141,898	99,278	66,832	102,246	72,247	30,610	24,870	16,705	23,883	55,772	98,062	101,313
1964 1/	56,753	54,178	50,604									

1/ Data are preliminary.



Table 6. United States imports of cattle and beef, compared with U.S. production, by year, 1954-62

Cattle and calves and beef and veal

Year	Imports				U.S. beef	Imports
	Live animals		Meat	Total	and veal	as a per-
	Number	Meat equiv-			production	centage
		alent 1/			2/	3/
	1,000 head	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Percent
1954	71	35	232	267	14,610	1.8
1955	296	93	229	322	15,147	2.1
1956	141	43	211	254	16,094	1.6
1957	703	221	395	616	15,728	3.9
1958	1,126	340	909	1,249	14,516	8.6
1959	688	191	1,063	1,254	14,588	8.6
1960	645	163	775	938	15,835	5.9
1961	1,023	250	1,037	1,287	16,341	7.9
1962	1,232	280	1,440	1,720	16,311	10.5
1963 5/	834	180	1,679	1,859	17,350	10.7

1/ Estimated at 53 percent of the live weight of all dutiable imports of cattle.

2/ Canned and other processed meats have been converted to their carcass weight equivalent.

3/ Total production (including an estimate of farm slaughter).

4/ Commercial beef and veal production plus beef and veal imports per capita.

5/ Import data are preliminary.



Table 7. Meat imports: United States, by countries, 1958 to date

Product and year	Imports, by country of origin, product weight														Total imports	
	Canada	Mexico	Argentina	Brazil	Denmark	West Germany	Poland	Netherlands	Ireland	Australia	New Zealand	All other	Product weight	Carcaass weight equivalent		
	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.
Beef and veal:																
1958.....	53.6	75.0	216.7	13.6	2.5	0.3	---	0.3	23.8	17.7	183.7	32.0	619.2	909		
1959.....	22.6	48.9	128.6	36.0	3.4	.3	---	.3	42.0	224.0	161.6	54.6	722.3	1,063		
1960.....	18.9	39.1	52.7	9.0	4.5	.3	2/	.1	52.8	144.7	130.7	59.8	512.6	775		
1961.....	32.3	53.4	65.2	16.3	6.5	.3	0.1	.1	64.4	233.9	154.4	62.3	689.2	1,037		
1962.....	19.4	59.3	55.9	17.2	7.7	.4	.4	.1	70.7	441.7	213.6	81.1	967.5	1,440		
1963 3/.....	17.2	73.0	87.4	10.9	6.1	.2	1.1	.1	72.9	516.9	235.7	100.9	1,122.4	1,679		
Lamb and mutton:																
1958.....	1.2	---	---	---	---	---	---	---	---	14.6	7.0	1.2	24.0	41		
1959.....	.8	---	---	---	---	---	---	---	---	40.6	12.8	2.6	56.8	104		
1960.....	.1	---	---	---	---	---	---	---	---	38.5	9.1	2.0	49.7	87		
1961.....	.1	2/	---	---	---	---	---	---	2/	44.6	10.8	.3	55.8	101		
1962.....	.5	---	.1	---	---	---	---	---	.2	65.9	11.1	.4	78.2	143		
1963 3/.....	.7	---	---	---	---	---	---	---	2/	65.7	14.8	.6	81.8	145		
Pork:																
1958.....	61.9	2/	2/	---	38.7	7.0	27.0	44.7	.1	---	.1	3.3	182.8	193		
1959.....	59.1	2/	2/	---	37.3	4.7	26.9	43.4	.2	---	.2	3.1	174.9	186		
1960.....	47.3	2/	2/	---	40.7	2.7	35.1	42.0	.2	---	.1	3.2	171.3	186		
1961.....	44.7	.1	---	---	46.2	1.7	34.7	42.0	.2	---	2/	4.1	173.7	187		
1962.....	46.8	2/	---	---	63.8	1.3	39.8	43.4	2.0	2/	.1	6.6	203.8	216		
1963 3/.....	45.8	2/	---	---	71.0	.9	40.0	42.9	1.3	2/	2/	8.6	210.5	226		
Total:																
1958.....	116.7	75.0	216.7	13.6	41.2	7.3	27.0	45.0	23.9	32.3	190.8	36.5	826.0	1,143		
1959.....	82.5	48.9	128.6	36.0	40.7	5.0	26.9	43.7	42.2	264.6	174.6	60.3	954.0	1,353		
1960.....	66.3	39.1	52.7	9.0	45.2	3.0	35.1	42.1	53.0	183.2	139.9	65.0	733.6	1,048		
1961.....	77.1	53.5	65.2	16.3	52.7	2.0	34.8	42.1	64.6	278.5	165.2	66.7	918.7	1,325		
1962.....	66.7	59.3	56.0	17.2	71.5	1.7	40.2	43.5	72.9	507.6	224.8	88.1	1,249.5	1,799		
1963 3/.....	63.7	73.0	87.4	10.9	77.1	1.1	41.1	43.0	74.2	582.6	250.5	110.1	1,414.7	2,050		

1/ Includes quantities of other canned, prepared or preserved meat n.e.s. Assumed to be mostly beef.

2/ Less than 50,000 pounds.

3/ Data are preliminary.

Compiled from official records of the Bureau of the Census.



Table 8. Imports of cattle from Canada and Mexico,
excluding breeding animals, 1954 to date

From Canada

Year	Dutiable cattle				
	700 pounds and over		Under	200 to	Total
	Cows for :	Other	200	699	dutiable
	dairy :		pounds	pounds	cattle
	purposes :				
	Head	Head	Head	Head	Head
1954	17,633	46,798	2,872	3,377	70,680
1955	25,252	17,543	3,256	2,218	48,269
1956	22,678	2,914	3,571	1,390	30,553
1957	18,857	186,036	10,486	151,059	366,438
1958	19,586	230,025	13,580	373,671	636,862
1959	14,998	90,259	30,738	186,630	322,625
1960	20,247	60,865	32,079	140,471	253,662
1961	24,972	88,660	28,605	337,452	479,689
1962	15,481	72,205	41,315	351,336	480,337
1963 ^{1/}	11,864	51,018	36,618	148,486	247,986
From Mexico					
1954	--	--	--	--	--
1955 ^{2/}	1,424	56,153	539	189,631	247,747
1956	1,684	11,124	848	96,594	110,250
1957	480	44,236	7,914	283,842	336,472
1958	1,255	80,589	3,231	403,166	488,241
1959	1,597	45,697	1,037	317,095	365,426
1960	371	19,631	1,773	369,113	390,888
1961	46	36,410	8,655	497,999	543,110
1962	34	36,732	24,925	690,228	751,919
1963 ^{1/}	7	18,123	27,120	540,099	585,349

^{1/} Data are preliminary.

^{2/} Embargo which began in February 1952 due to foot-and-mouth disease was removed January 1, 1955.

Compiled from official records of the Bureau of the Census.

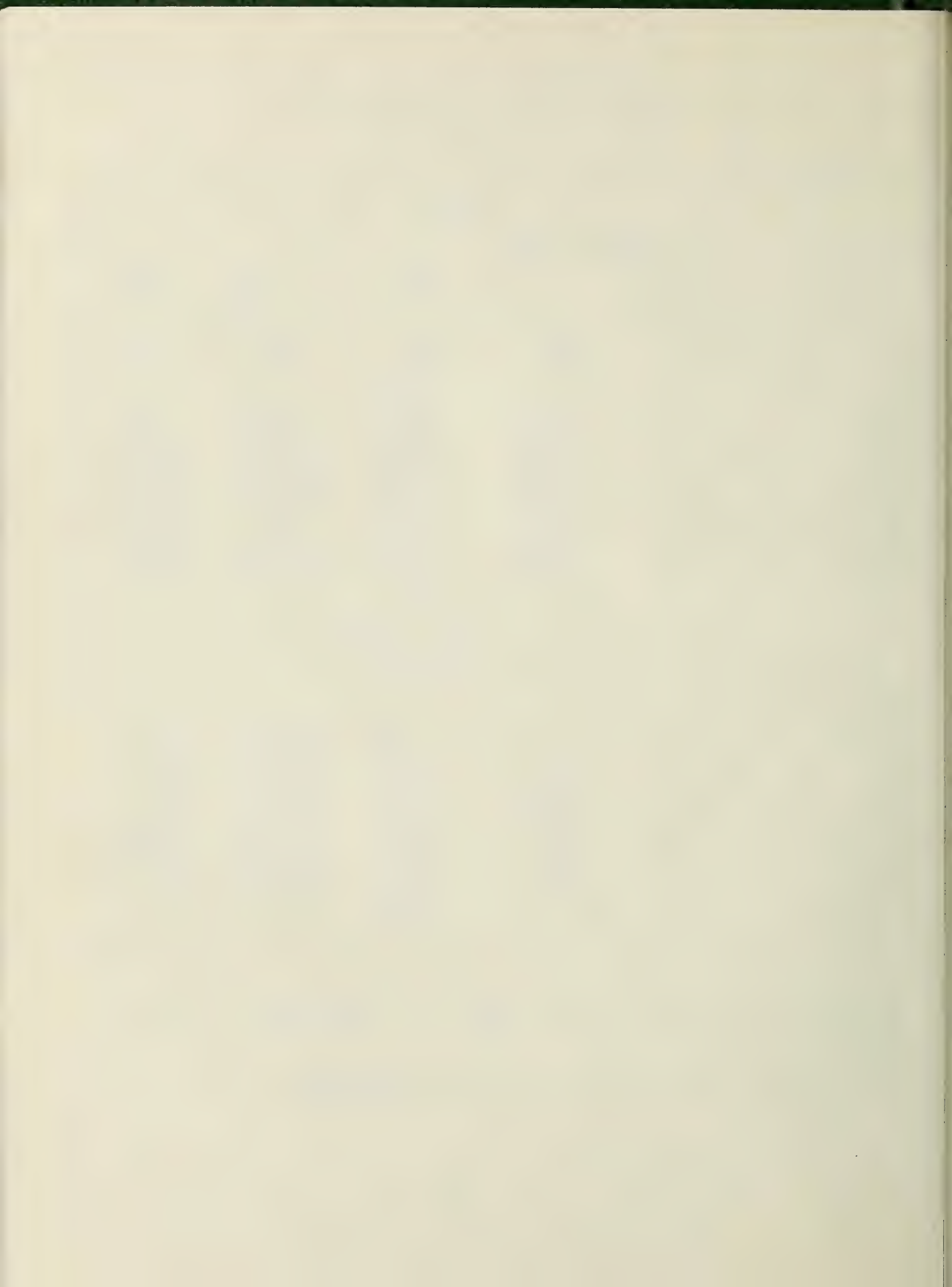


Table 9. Livestock, Meat and Meat Products: U.S. exports by value, Annual 1954-63

Commodity	: 1954 :	: 1955 :	: 1956 :	: 1957 :	: 1958 :	: 1959 :	: 1960 :	: 1961 :	: 1962 :	: 1963 :
	<u>- Million dollars -</u>									
Beef and veal.....	9.2	10.8	27.7	28.9	9.7	10.9	11.6	12.1	12.6	11.8
Pork.....	16.5	17.1	19.3	27.7	20.6	20.9	20.9	20.7	18.6	38.3
Lamb and mutton (except canned).....	.4	.2	.3	.7	.5	.4	.7	.6	.8	.6
Sausage, bologna, and frankfurters.....	3.6	3.2	3.1	5.6	2.3	1.9	1.9	1.5	1.3	1.4
Other canned meat.....	1.3	.8	.8	2.2	1.5	1.1	.5	.4	.4	.5
Baby food, canned.....	.2	.2	.3	.5	.7	.7	.7	.5	.4	.4
Horsemeat (all kinds)..:	2.6	2.6	2.9	2.0	1.1	.5	.3	.5	.6	.3
Variety meats.....	10.4	13.2	18.6	18.7	15.9	19.5	25.2	27.2	25.5	31.9
Sausage casings, natural, hog.....	3.8	4.3	4.3	6.9	8.4	8.4	7.6	11.8	11.7	9.3
Sausage casings, natural, n.e.c.....	3.9	4.3	3.3	3.2	3.4	2.6	2.7	3.1	2.7	3.1
Lard.....	83.9	76.1	79.7	74.4	52.0	60.2	60.6	46.7	40.6	48.5
Tallow and greases....	97.2	113.5	127.8	123.1	99.3	116.0	115.2	134.6	106.9	123.7
Mohair.....	2.4	6.2	13.5	11.8	11.9	21.6	15.6	14.9	11.1	14.2
Hides and skins.....	50.8	58.5	56.9	64.9	53.3	60.1	73.3	80.7	77.1	68.3
Livestock:										
Cattle and calves....	9.6	12.4	10.0	12.0	7.9	15.7	10.4	9.0	7.8	10.6
Sheep and lambs.....	.3	.5	1.1	.7	.4	.5	.7	.8	1.0	1.0
Hogs.....	.1	.4	.5	.3	.1	.5	.5	.6	.3	.3
Total.....	296.2	332.1	370.1	383.6	289.0	341.5	348.4	365.7	319.4	364.2

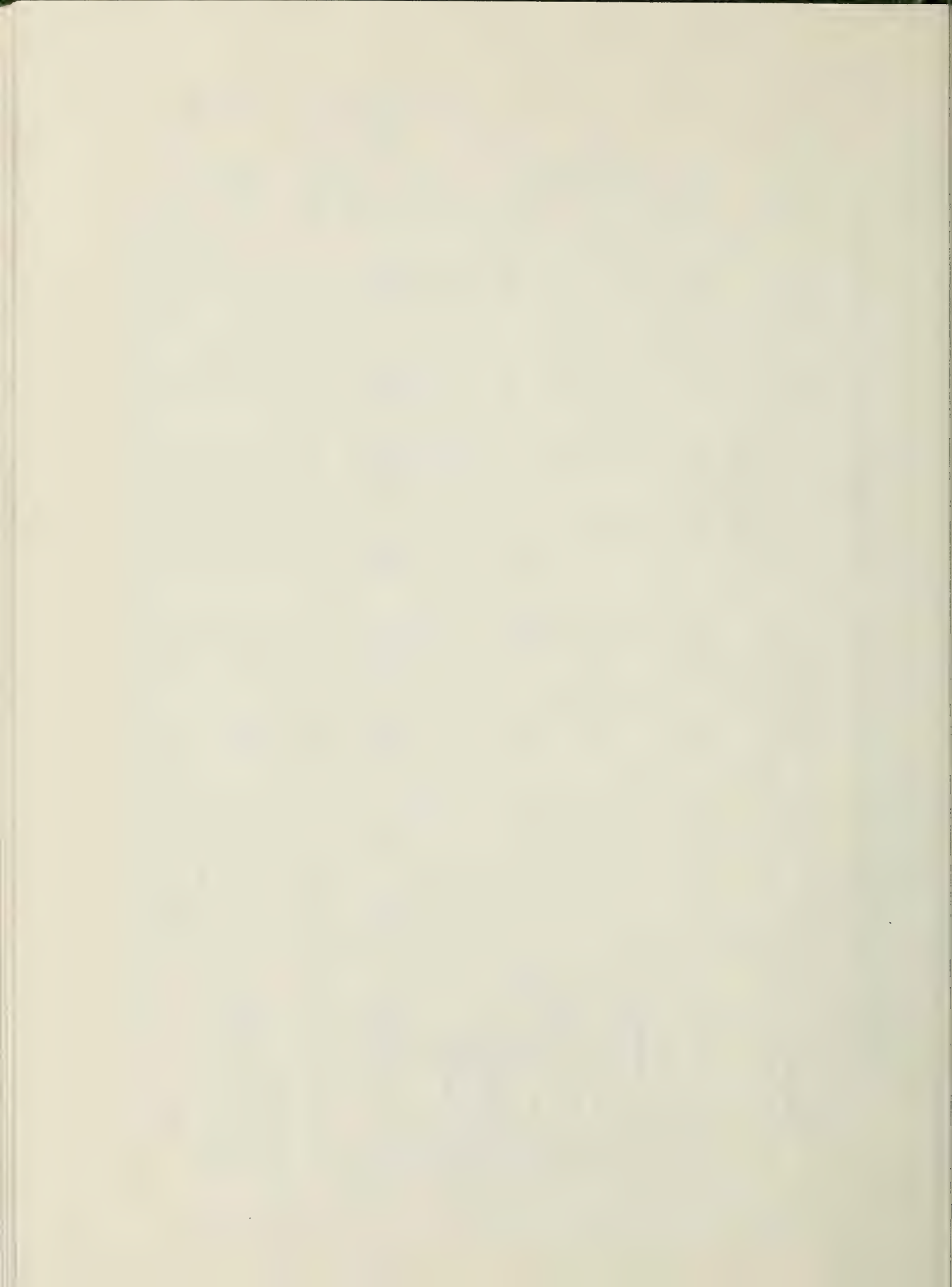


Table 10. Choice slaughter steer prices: Average cost per 100 pounds of sales out of first hands,
Chicago, 1940 to date 1/

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted average
	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>
1940	9.44	9.53	9.86	10.01	9.92	9.57	10.29	10.82	11.15	11.72	11.73	11.86	10.48
1941	12.21	11.64	11.12	11.07	10.54	10.74	11.11	11.58	11.56	11.36	11.24	12.41	11.36
1942	12.54	12.47	13.03	13.83	13.65	13.12	13.75	14.87	14.63	15.07	15.40	14.90	13.90
1943	15.05	15.53	15.92	15.91	15.59	15.50	15.06	15.29	15.27	14.92	14.98	14.89	15.34
1944	15.00	15.12	15.23	15.33	15.73	16.23	16.35	16.42	16.26	16.56	16.27	15.62	15.73
1945	15.35	15.42	15.81	16.11	16.16	16.16	16.17	15.98	16.15	16.45	16.56	16.45	16.00
1946	16.51	16.36	16.37	16.46	16.55	16.98	19.86	20.73	19.58	24.97	25.63	25.28	19.32
1947	23.93	23.79	24.05	23.45	24.22	25.72	27.64	28.27	29.43	29.55	29.12	29.62	26.22
1948	30.36	27.10	26.92	28.17	30.91	34.85	36.44	36.02	34.49	32.24	30.68	27.82	30.95
1949	24.72	22.99	24.19	24.37	24.92	26.37	25.96	26.50	28.22	29.63	29.35	29.91	26.07
1950	28.14	27.19	27.33	27.66	29.19	29.99	30.62	29.97	30.32	30.42	31.24	32.98	29.68
1951	34.77	35.98	36.67	36.93	36.52	35.68	35.47	35.85	36.68	36.31	36.09	34.78	35.96
1952	34.68	34.57	34.69	34.76	34.17	32.81	33.03	33.02	32.53	32.55	32.20	30.86	33.18
1953	27.84	24.49	22.68	21.99	22.36	22.04	24.41	25.28	25.87	25.63	25.03	24.37	24.14
1954	24.74	23.86	23.89	24.83	24.25	23.88	23.99	24.08	25.00	25.37	25.85	26.53	24.66
1955	26.98	26.17	25.80	24.62	23.09	22.63	22.72	22.43	22.69	22.01	20.83	20.35	23.15
1956	20.02	18.88	19.41	20.56	20.70	21.05	22.37	25.81	27.27	26.08	24.30	21.99	22.30
1957	21.23	20.57	21.86	22.99	23.31	23.48	25.12	25.63	24.98	24.67	25.20	25.98	23.83
1958	26.82	27.54	29.90	29.37	28.83	28.07	26.99	26.11	26.70	26.67	26.77	27.19	27.42
1959	28.13	27.85	29.11	30.33	29.34	28.48	27.89	27.56	27.62	27.19	26.53	25.57	27.53
1960	26.42	26.69	28.08	27.76	27.43	26.04	25.64	25.07	24.80	24.94	26.08	26.86	26.24
1961	27.42	26.17	25.70	25.05	23.43	22.45	22.38	24.13	24.34	24.55	25.58	26.13	24.65
1962	26.39	26.76	27.31	27.45	26.02	25.25	26.50	28.19	29.85	29.50	30.13	28.91	27.67
1963	27.27	24.93	23.63	23.77	22.61	22.69	24.72	24.60	23.94	24.03	23.51	22.30	23.96
1964	22.61	21.34	21.56	21.28									

1/ Weighted average; good grades 1940-50.



Table 11. Utility cow prices: Average per 100 pounds, Chicago, 1940 to date 1/

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
1940	5.70	5.48	5.86	6.14	6.29	6.34	5.70	5.92	5.64	5.62	5.95	5.74	5.86
1941	6.20	6.45	6.71	7.02	7.36	7.48	7.27	7.14	7.06	7.20	6.77	7.31	7.00
1942	8.13	8.22	8.18	8.84	9.16	9.12	8.96	9.40	9.12	9.40	9.39	9.61	8.96
1943	10.26	11.08	11.95	11.30	11.30	11.18	10.91	10.37	10.19	9.34	9.44	9.14	10.54
1944	9.04	9.44	10.30	10.62	10.87	10.67	9.80	10.28	10.08	9.78	9.96	10.19	10.09
1945	10.74	11.03	11.08	11.92	11.98	11.37	11.58	11.09	10.67	10.78	10.67	11.13	11.17
1946	11.45	11.30	11.62	11.87	11.74	12.13	12.24	11.46	11.39	12.65	12.50	12.82	11.93
1947	12.25	12.66	13.55	13.60	15.10	15.05	14.43	13.70	14.58	14.46	15.12	16.65	14.26
1948	18.29	17.99	18.96	19.98	21.41	21.40	21.33	20.52	19.61	18.16	18.18	18.05	19.49
1949	17.29	16.16	16.86	17.52	17.97	17.89	16.75	15.22	15.29	15.15	14.79	15.07	16.33
1950	15.73	16.86	17.77	18.20	19.88	20.26	20.78	20.46	20.60	19.88	20.78	21.16	19.36
1951	23.03	24.86	25.46	26.33	25.88	25.13	24.21	24.37	24.63	24.31	22.96	22.55	24.48
1952	21.96	21.65	22.07	22.62	23.17	21.39	19.95	19.03	17.47	15.94	14.68	14.38	19.53
1953	14.72	14.52	14.50	14.11	13.57	12.20	12.04	10.93	10.81	10.82	10.34	10.40	12.41
1954	11.60	11.66	12.41	12.85	13.50	12.38	10.63	10.90	10.77	10.61	10.18	10.06	11.46
1955	10.79	11.79	12.44	12.92	12.39	12.51	12.11	11.31	10.88	11.01	10.01	10.13	11.52
1956	10.96	11.20	11.85	12.12	12.19	12.23	11.48	11.28	11.16	10.96	10.19	10.79	11.37
1957	11.25	11.84	13.03	13.45	14.18	14.80	14.36	13.91	13.66	13.73	14.08	15.04	13.61
1958	15.88	16.80	17.85	19.20	19.82	19.94	18.89	18.52	18.74	18.66	18.50	18.15	18.41
1959	19.11	18.86	19.08	19.97	19.78	20.08	17.67	17.70	16.69	15.53	14.20	14.79	17.79
1960	15.52	15.48	17.07	17.16	17.33	16.76	15.78	14.62	14.86	14.24	14.31	14.98	15.68
1961	15.70	16.14	16.48	16.95	16.53	16.52	15.02	15.42	14.70	14.78	14.70	14.97	15.66
1962	14.87	15.26	15.97	16.06	15.91	16.42	15.31	15.20	15.65	15.31	15.22	14.91	15.50
1963	15.07	15.00	15.52	15.74	16.31	16.26	15.33	15.65	15.10	14.64	13.82	12.71	15.10
1964	13.19	13.51	14.58	14.84									

1/ Weighted average.



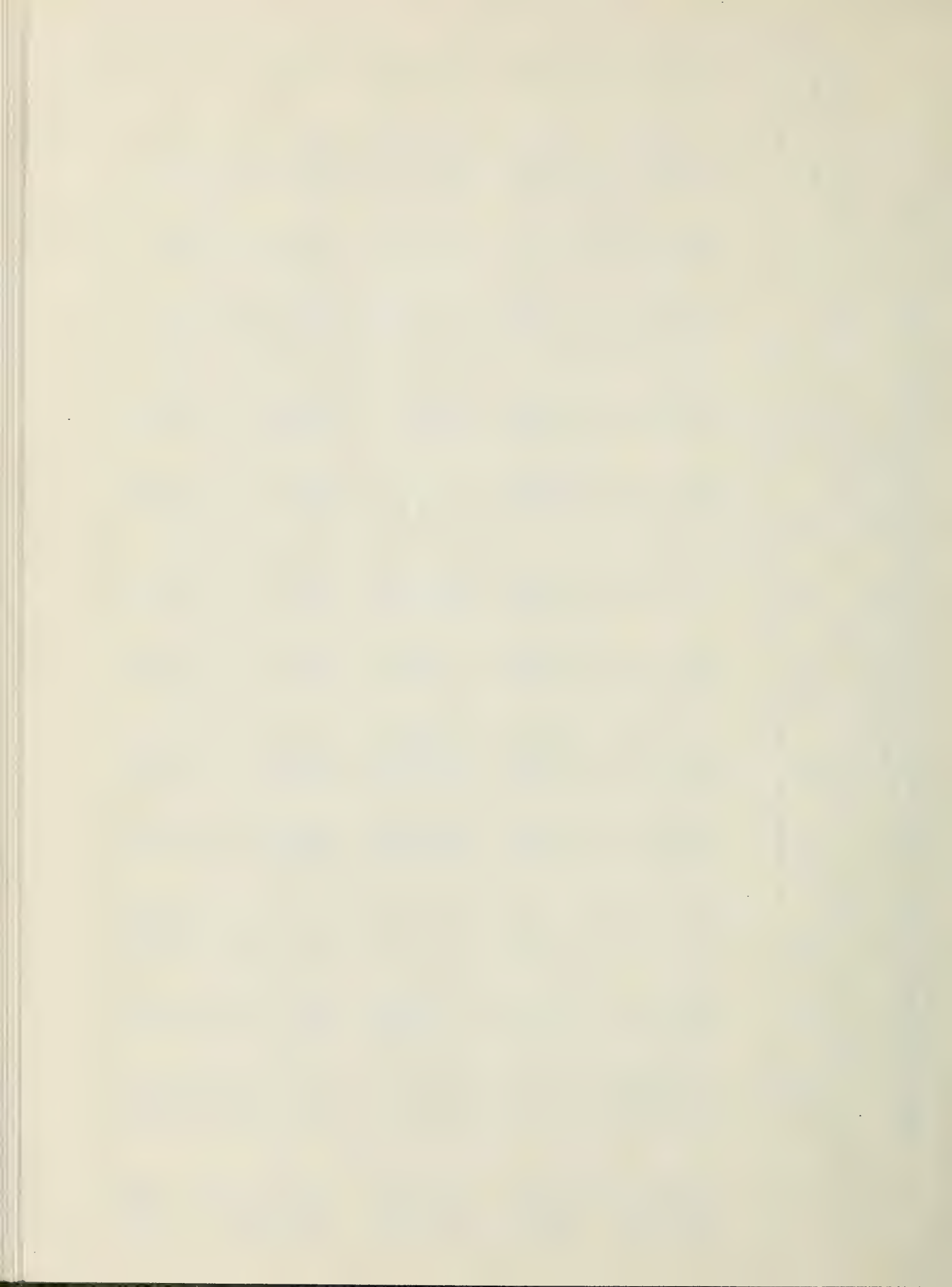


Table 13. Total meat production and consumption in the United States, 1940 to date 1/

Year	Beef				Veal				All meats				Civilian	
	Production		Consumption		Production		Consumption		Production		Consumption		Population	
	Mill. lb.	Total	Per capita	Pro-duction	Mill. lb.	Total	Per capita	Pro-duction	Mill. lb.	Total	Per capita	Pro-duction	July 1	3/
	Mill. lb.	Mill. lb.	Lb.	Mill. lb.	Mill. lb.	Mill. lb.	Lb.	Mill. lb.	Mill. lb.	Mill. lb.	Lb.	Mill. lb.	Mill.	Mill.
1940	7,175	7,257	54.9	981	981	981	7.4	19,076	18,812	18,812	142.4	19,076	132.1	132.1
1941	8,082	8,021	60.9	1,036	1,005	1,005	7.6	19,569	18,934	18,934	143.7	19,569	131.8	131.8
1942	8,843	8,049	61.2	1,151	1,084	1,084	8.2	21,912	18,451	18,451	140.3	21,912	131.5	131.5
1943	8,571	6,860	53.3	1,167	1,059	1,059	8.2	24,482	18,921	18,921	146.8	24,482	128.9	128.9
1944	9,112	7,146	55.6	1,738	1,594	1,594	12.4	25,178	19,827	19,827	154.2	25,178	128.6	128.6
1945	10,276	7,665	59.4	1,664	1,536	1,536	11.9	23,691	18,742	18,742	145.2	23,691	129.1	129.1
1946	9,373	8,533	61.6	1,443	1,382	1,382	10.0	22,920	21,330	21,330	154.1	22,920	138.4	138.4
1947	10,432	9,916	69.6	1,605	1,545	1,545	10.8	23,338	22,142	22,142	155.3	23,338	142.6	142.6
1948	9,075	9,163	63.1	1,423	1,384	1,384	9.5	21,300	21,120	21,120	145.5	21,300	145.2	145.2
1949	9,439	9,439	63.9	1,334	1,310	1,310	8.9	21,662	21,349	21,349	144.6	21,662	147.6	147.6
1950	9,534	9,529	63.4	1,230	1,206	1,206	8.0	22,075	21,721	21,721	144.6	22,075	150.2	150.2
1951	8,837	8,472	56.1	1,059	1,003	1,003	6.6	21,898	20,489	20,489	138.0	21,898	151.1	151.1
1952	9,650	9,548	62.2	1,169	1,099	1,099	7.2	22,994	22,399	22,399	146.0	22,994	153.4	153.4
1953	12,407	12,113	77.6	1,546	1,485	1,485	9.5	24,588	24,233	24,233	155.3	24,588	156.0	156.0
1954	12,963	12,743	80.1	1,647	1,591	1,591	10.0	25,214	24,613	24,613	154.7	25,214	159.1	159.1
1955	13,569	13,313	82.0	1,578	1,531	1,531	9.4	26,895	26,430	26,430	162.8	26,895	162.3	162.3
1956	14,462	14,121	85.4	1,632	1,572	1,572	9.5	28,035	27,553	27,553	166.7	28,035	165.3	165.3
1957	14,202	14,242	84.6	1,526	1,481	1,481	8.8	26,859	26,729	26,729	158.7	26,859	168.4	168.4
1958	13,330	13,786	80.5	1,186	1,150	1,150	6.7	25,658	25,980	25,980	151.6	25,658	171.4	171.4
1959	13,580	14,202	81.4	1,008	990	990	5.7	27,319	27,819	27,819	159.5	27,319	174.5	174.5
1960	14,727	15,121	85.2	1,108	1,092	1,092	6.2	28,208	28,629	28,629	161.4	28,208	177.4	177.4
1961	15,298	15,873	88.0	1,044	1,021	1,021	5.7	28,585	29,045	29,045	161.0	28,585	180.4	180.4
1962	15,296	16,298	89.1	1,015	1,003	1,003	5.5	28,956	29,931	29,931	163.6	28,956	183.0	183.0
19632/	16,423	17,568	94.6	927	911	911	4.9	30,559	31,560	31,560	169.9	30,559	185.8	185.8

1/ Data excluded meat produced in Hawaii and the Virgin Islands. Beginning 1941, consumption is civilian only. Units are carcass-weight equivalent; exclude edible offals.

2/ Preliminary.

3/ Census estimate unadjusted for underenumeration.

Table 14. Cattle and calves: Inventory numbers, calf crop, disposition, production and income, United States, 1940 to date ^{1/}

Year	On hand Jan. 1 2/	Calves born	Inship- ments	Marketings ^{3/}		Farm slaughter	Deaths	Production 4/	Marketings 3/	Price per 100 pounds		Value of production 4/	Cash receipts 5/	Value of: home consump- tion		Gross income	Cost of inship- ments
				Cattle	Calves		Cattle	Calves		Dollars	Dollars						
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 pounds	1,000 pounds	1,000 pounds	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1940.....	68,309	29,886	7,026	18,413	10,365	571	728	1,397	1,992	15,702,110	17,528,745	7.56	8.83	1,375,631	1,375,631	1,400,019	401,821
1941.....	71,755	31,868	7,185	18,943	11,001	571	684	1,461	2,118	17,029,460	18,627,810	8.82	10.30	1,704,587	1,704,587	1,732,295	483,871
1942.....	76,025	34,368	8,154	20,740	11,787	646	641	1,560	2,349	18,567,995	20,471,740	10.70	12.30	2,262,549	2,262,549	2,299,679	671,182
1943.....	81,204	34,797	7,442	21,310	11,177	708	620	1,734	2,560	19,159,375	20,866,045	11.90	13.30	2,562,452	2,562,452	2,606,409	640,989
1944.....	85,334	37,040	7,233	23,627	14,323	854	724	1,734	2,772	19,708,295	23,117,075	10.80	12.40	2,604,481	2,604,481	2,652,264	564,830
1945.....	85,573	35,155	8,257	27,541	13,222	919	753	1,637	2,678	19,517,065	26,674,760	12.10	13.00	3,318,156	3,318,156	3,374,809	706,007
1946.....	82,235	34,643	8,774	26,267	13,026	943	766	1,549	2,547	18,998,709	25,270,189	14.50	15.20	3,761,321	3,761,321	3,832,944	886,326
1947.....	80,554	34,703	8,302	26,981	13,893	871	713	1,464	2,466	19,129,845	26,099,145	18.40	20.40	4,967,257	4,967,257	5,054,185	1,087,069
1948.....	77,171	33,125	7,595	23,417	12,607	791	611	1,388	2,247	18,401,950	23,104,585	22.20	24.40	5,284,839	5,284,839	5,381,315	1,284,957
1949.....	76,830	33,748	8,079	22,905	12,627	752	570	1,507	2,333	19,274,489	23,593,141	19.80	22.60	4,848,640	4,848,640	4,931,689	1,163,294
1950.....	77,963	34,899	8,896	22,664	12,028	713	528	1,445	2,297	21,185,248	23,617,788	23.30	26.30	5,679,708	5,679,708	5,773,564	1,617,694
1951.....	82,083	35,825	9,185	22,638	11,328	708	484	1,537	2,326	22,990,053	23,678,710	28.70	31.90	7,004,949	7,004,949	7,127,998	1,997,784
1952.....	88,072	38,273	9,091	23,652	12,246	769	494	1,603	2,431	24,932,623	24,937,063	24.30	25.80	6,205,603	6,205,603	6,324,650	1,500,146
1953.....	94,241	41,261	8,367	28,307	14,431	860	532	1,573	2,487	27,405,041	29,448,031	16.30	16.70	4,877,805	4,877,805	4,972,241	910,157
1954.....	95,679	42,601	9,907	30,622	15,514	872	524	1,574	2,489	27,580,320	31,428,450	16.00	16.50	4,338,236	4,338,236	5,190,235	1,110,047
1955.....	96,592	42,112	9,895	31,998	15,297	865	487	1,590	2,462	28,099,491	33,216,016	15.60	16.80	4,339,216	4,339,216	5,352,239	1,110,752
1956.....	95,900	41,376	10,609	34,155	15,578	893	487	1,487	2,425	27,530,810	35,450,215	14.90	16.10	4,099,147	4,099,147	5,463,012	1,116,324
1957.....	92,860	39,905	11,092	32,975	14,620	836	449	1,446	2,355	26,554,576	34,146,611	17.20	18.70	4,569,382	4,569,382	6,066,484	1,469,760
1958.....	91,176	38,860	12,616	31,174	13,110	813	423	1,512	2,298	26,764,386	32,841,285	21.90	25.30	5,933,824	5,933,824	7,482,392	2,160,350
1959.....	93,322	38,938	13,140	32,130	11,977	792	389	1,501	2,375	28,279,740	34,025,125	22.60	26.70	6,451,185	6,451,185	7,998,994	2,208,067
1960.....	96,236	39,353	13,448	34,378	12,054	802	386	1,567	2,531	28,271,470	35,825,305	20.40	22.90	5,846,602	5,846,602	7,542,885	2,011,972
1961.....	97,534	40,019	14,763	35,224	11,854	834	380	1,534	2,487	29,694,319	36,858,776	20.20	23.70	6,029,855	6,029,855	7,725,275	2,251,958
1962.....	100,002	41,027	16,591	36,520	12,056	825	360	1,580	2,543	30,375,728	37,703,623	21.30	25.10	6,528,395	6,528,395	8,354,004	2,627,994
1963.....	103,736	41,811	15,795	37,787	11,827	830	366	1,567	2,477	32,328,503	39,892,288	19.90	24.00	6,490,353	6,490,353	8,241,041	2,380,957
1964.....	106,488																

^{1/} Balance sheet estimates. Total of marketings, farm slaughter, deaths, and on hand end of year equals total of calf crop, inshipments, and on hand beginning of year. Includes Alaska and Hawaii beginning 1961.

^{2/} All cattle and calves.

^{3/} Excludes interfarm sales.

^{4/} Adjustments made for inshipments and changes in inventory.

^{5/} Receipts from marketings and from sales of farm slaughtered meats.

Table 15. Chicken and turkey: Civilian per capita consumption, 48 States 1940-63

Year	Eggs	Poultry, ready-to-cook weight				Turkey
		Total	Chicken		Approximate percentage that is broiler meat	
			Total			
Number	Pounds	Pounds	Percent	Pounds		
1940	319	17.0	14.1	14	2.9	
1941	311	18.3	15.4	18	2.9	
1942	318	20.7	17.7	18	3.0	
1943	347	25.7	23.0	18	2.7	
1944	354	23.1	20.4	19	2.7	
1945	402	25.1	21.6	23	3.5	
1946	379	23.1	19.4	21	3.7	
1947	383	21.7	18.1	24	3.6	
1948	389	21.4	18.3	30	3.1	
1949	383	22.9	19.6	36	3.3	
1950	389	24.7	20.6	42	4.1	
1951	392	26.1	21.7	48	4.4	
1952	390	26.8	22.1	53	4.7	
1953	379	26.7	21.9	56	4.8	
1954	376	28.1	22.8	60	5.3	
1955	371	26.3	21.3	65	5.0	
1956	369	29.6	24.4	71	5.2	
1957	362	31.4	25.5	75	5.9	
1958	354	34.1	28.2	78	5.9	
1959	352	35.2	28.9	79	6.3	
1960	334	34.4	28.2	83	6.2	
1961	326	37.8	30.3	84	7.5	
1962	323	37.2	30.1	85	7.1	
1963 <u>1</u>	315	37.7	30.9	87	6.8	

^{1/} Preliminary.



Table 16. Value of beef and veal imports and of principal agricultural exports distributed by States (based on sales by farmers) ^{1/}

State	Imports	Exports			
	Beef and veal	Cotton	Soybeans	Grain	Total
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	258			51	51
New Hampshire	131				
Vermont	495			6	6
Massachusetts	248			10	10
Rhode Island	039				
Connecticut	240			9	9
New York	3,020			9,864	9,864
New Jersey	386		1,416	2,992	4,408
Pennsylvania	3,951			18,474	18,474
NORTH ATLANTIC	8,768		1,416	31,406	32,822
Ohio	6,897		43,151	76,921	125,072
Indiana	6,946		81,432	115,053	196,485
Illinois	20,227	89	171,361	229,349	400,799
Michigan	3,947		8,497	49,675	58,172
Wisconsin	7,176		1,416	9,757	11,173
EAST NORTH CENTRAL	45,193	89	310,857	480,755	791,701
Minnesota	14,756		46,027	60,864	106,891
Iowa	40,815		94,886	110,640	205,526
Missouri	13,680	20,115	65,146	58,190	143,451
North Dakota	5,631		708	234,501	235,209
South Dakota	12,442		2,124	55,587	57,711
Nebraska	25,727		8,497	151,092	159,589
Kansas	25,430		16,286	306,381	322,667
WEST NORTH CENTRAL	138,481	20,115	233,674	977,255	1,231,044
Delaware	106		4,250	3,497	7,747
Maryland	1,132		6,373	9,430	15,803
Virginia	3,590	340	8,497	8,808	17,645
West Virginia	1,036			589	589
North Carolina	1,383	12,204	14,162	19,250	45,616
South Carolina	1,019	20,075	13,454	4,154	37,683
Georgia	2,440	23,388	708	10,204	34,300
Florida	3,636	688	708	1,313	2,709
SOUTH ATLANTIC	14,342	56,695	48,152	57,245	162,092
Kentucky	5,624	321	5,665	11,802	17,788
Tennessee	4,336	24,383	10,622	6,467	41,472
Alabama	3,753	30,420	3,541	5,518	39,479
Mississippi	4,198	74,886	23,367	6,976	105,229
Arkansas	2,964	62,050	61,605	50,201	173,856
Louisiana	3,402	23,995	4,957	44,170	73,122
Oklahoma	12,651	12,211	2,832	95,615	110,658
Texas	30,551	194,245	1,416	175,650	371,311
SOUTH CENTRAL	67,479	422,511	114,005	396,399	932,915
Montana	6,013			102,674	102,674
Idaho	4,120			44,129	44,129
Wyoming	4,011			5,441	5,441
Colorado	15,604			50,075	50,075
New Mexico	5,899	11,715		8,432	20,147
Arizona	7,045	41,381		5,542	46,923
Utah	2,090			6,035	6,035
Nevada	1,125	285		641	926
Washington	3,052			91,211	91,211
Oregon	3,586			36,635	36,635
California	26,444	84,859		79,391	164,250
Alaska	11				
Hawaii	417				
WEST	79,417	138,240		430,206	568,446
UNITED STATES	353,680	637,650	708,104	2,373,266	3,719,020

^{1/} Also includes value of products exported.

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June 9, 1964
UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, June 9, 1964

News Conference Statement on Beef by Secretary Freeman:

Secretary of Agriculture Orville L. Freeman said today that actions by the Administration to reduce beef imports have achieved for this year the objectives sought by those who would restrict imports by law.

The Secretary noted that beef and veal imports in 1964 will be at about the 1959-63 average, the level advocated by many groups in the cattle industry and specified in legislation now pending in the Congress.

"We will not face an import problem for at least 18 months," the Secretary said. "This being the case, it would be a serious mistake to legislate quotas which, while serving no immediate purpose, would weaken the position of our Government in attempting to expand markets for all of American agriculture in the current GATT negotiations."

Secretary Freeman said imports have been rolled back to about the 1959-63 average. At the same time the Department has also cut into the domestic oversupply of beef by stepping up its purchase program and by cooperating with the beef industry in a sustained promotion program and export sales drive. He indicated that the Department purchase program has been increased to the point where purchases in one recent week equalled 5 percent of the total production.

"The Administration from President Johnson on down has given a great deal of attention to the very difficult price situation facing cattle producers and feeders during the past 18 months. Briefly, prices of choice fed steers in Chicago dropped from an average of \$27.67 per hundredweight in 1962 to just under \$24 in 1963 and to under \$21 this year.

"With cattle and calves accounting for almost a fourth of total farm marketings, this has a serious effect on the whole farm economy as well as being a highly personal and difficult problem for individual farmers and ranchers. We are deeply concerned. The President has given a great deal of his own time to the matter and has instructed me to give it the highest priority.

"I would like to recount some of the things that are being done -- and then to comment on the export-import situation as it affects beef.

"Number one, the Government has stepped up its purchases of beef. The Department of Agriculture -- buying for schools and needy persons -- has jumped its purchases sharply. In three months of the special purchase program, we have spent \$52 million for 90 million pounds of frozen and canned beef. Meanwhile, the Department of Defense has also increased its buying of beef.

"Second, the Department of Agriculture is working with industry in vigorous promotional efforts. This is helping to boost retail sales, which most of the larger retailers report are between 8 and 25 percent above a year ago.

"Third, we have created a National Advisory Committee which met here in May and made some very constructive recommendations on behalf of the cattle industry.

"Fourth, the Administration has moved to reduce beef imports. The Government has worked closely with other countries which export to us with the result that imports this year will be cut back to the 5-year 1959-63 average called for in legislation pending in the Congress.

(more)

"Fifth, the Administration has moved to expand our own export markets for beef. A Presidential mission representing the industry and the Department flew to Europe last month and found an export market potential there -- especially for our medium grades of beef. The Department signed a market development agreement with the American Meat Institute two weeks ago today -- and the program to seek new markets in Europe is already underway. Exploratory sales have already been made in Western Europe.

"Sixth, buyers representing both Italy and France are now in this country seeking to purchase U. S. beef.

"Finally, the Administration has asked the Congress to establish a Commission on Food Marketing to study marketing costs and margins in the wholesale and retail marketing structure. This legislation has now passed both the House and the Senate, and is now awaiting a conference to iron out differences.

"With the cooperation of our major beef suppliers, we now expect shipments of beef and veal to the United States this year will be one-fourth below last year -- or about equal to the 1959-63 average. Certainly this achieves the objectives of the legislative proposals to restrict imports for at least a period of 18 months. At the end of that time, we can reassess our situation.

"But for now, legislation to establish quotas would weaken our position in the so-called 'Kennedy Round' negotiations at Geneva. In those negotiations, we will be working toward more liberal trade arrangements through the world, and particularly to insure access to the Common Market nations for American agriculture. To carry forward these negotiations in the shadow of a major protectionist act by our own Congress -- repudiating voluntary agreements

-- would certainly create new resistance, especially if the commodity affected were one that would not be immediately helped by such protection.

"This is not to overlook that the United States is the only important cattle-producing country that does not now have major restrictions on beef imports. Our trade policy is oriented to increase trade. But if that policy is not accepted among other nations ... if it fails to get results ... then we will reexamine our position and act accordingly for beef and other agricultural commodities. Meanwhile, we have at least 18 months of grace, during which we can expect little or no import problem in beef and veal.

"The Geneva negotiations could affect the future course of expanding trade throughout the world. Every American, as well as every farmer, has a stake in what happens to agricultural trade prospects. We export today what we produce on about one out of every four acres we harvest. Agriculture has consistently been a dollar earner in export trade. Farm exports this year alone will amount to a record \$6 billion, and some \$4.2 billion of that will be commercial sales for dollars. Some States such as Illinois and Texas, export farm products of greater value than the value of imports of beef into this country. Most States export farm products of substantially greater value than the value of beef imports into those States.

"In order to develop programs to correct the problem of low beef prices, we must face realistically the fact that the major cause is domestic over production.

"I might point out that since fed cattle prices have not increased under the Department's actions of the past three months, it seems fair to assume that prices would have been still lower without these actions. Beef cattle

numbers have increased from 43 million to 79 million since 1950, and the number of cattle on feed in major States has doubled since that time. The resulting increase in fed beef production within the United States has simply overwhelmed the market -- even in a prosperous nation where people are eating more beef than ever."

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June 11, 1964
It is a special pleasure for me to be here today. The long C & R-ASF association I have had with your Worthy State Master makes this visit seem

like one of many rather than the first.

In his many years of service to agriculture, Lars Nelson has contributed much to the successful working of farm programs and to the future of the family farm.

I remember best the many months during which he led a hard-working group which studied and recommended changes in the farmer elected Farmer Committee system. At the time, the system was under attack. The previous administration had taken the administration of farm programs at local levels away from elected committeemen and put this responsibility in the hands of appointed officials.

We put that job back where it belongs with the elected farmer committeemen, and I asked Lars Nelson to help me improve this farmer-run operation. His group proposed to strengthen the system, and I am glad to report that many of those specific changes have now been made -- simplifying paper work, upgrading qualifications, improving training and clarifying responsibility.

I believe the county office does a better job now, and I know that Lars Nelson's efforts have contributed immensely to better services for the farmer.

Address prepared for delivery by Secretary of Agriculture Orville L. Freeman to the 75th Annual Session of the Washington State Grange, Wenatchee, Washington, Thursday, June 11, 1964, 10:00 a.m., PDT

This is the kind of job the Grange has always done. It can be seen in the steadfast support the Grange has given to farm legislation over the years. It can be seen in the support you give to farm legislation today.

Without the support of the Grange leaders like Lars Nelson and Herschel Newsom -- and without the Grange's efforts to unify support of other farm groups -- the farmer today would not have the benefits of the voluntary wheat and cotton legislation passed by Congress and signed by President Johnson only a few weeks ago. Farmers here in Washington can be thankful that they have two great Senators...Senator Jackson and Senator Magnuson...and a fine Congresswoman, Julia Butler Hansen...looking out for their interests on this and other legislation.

The passage of this critical legislation -- which seemed impossible four months ago -- dramatizes how difficult it is today to secure favorable action on farm bills.

Thirty years ago, farmers had political muscle. The farm bloc was a potent political reality. That is no longer true. Farmers have less political muscle now than ever before. In the past 30 years, Congressional districts with predominant farm and rural interests have declined from over 300 to about 150 today. And farmers themselves are split with the Farm Bureau consistently absent from any unified farm action program.

(more)

The meaning is clear. Farm legislation today not only has to
/ be sound, it must also reflect the facts of political life -- the farmer
must convince the Congress that farm legislation is sound for the consumer
as well as for the farmer, and for the entire economy.

For the wheat and cotton legislation it was essential to show
city Congressmen that a decline in wheat income would mean fewer
industrial jobs. It was necessary to show that consumers would benefit --
especially through the cotton provisions -- and that bread prices would
not be increased because of the wheat legislation.

We succeeded in passing the wheat-cotton bill with the powerful
support of President Johnson -- and because we got the message of national
and consumer interest across. Only by identifying farmer interest
clearly and dramatically with the national interest and the consumer
interest, can we hope to pass legislation in a Congress that is more
urban oriented each session. Let me pinpoint this generalization to the
specific issue of cross compliance.

I want to emphasize as strongly as I can here and now that if
we are not completely responsible and scrupulously careful to comply with
both the letter and the spirit of the new wheat law, it is unlikely the
legislation will be extended.

Let me tell you what I mean.

(more)

There is in this state a number of farmers who operate two or more farms with wheat allotments. Let's assume that Farmer X has two farms -- one with an allotment of 200 acres and the other with a 100 acre allotment. One farm is planted within the allotment. On the other farm, however, the planted acreage exceeds the allotment by some 200 acres. He would produce, in effect, almost twice as much wheat as in any recent year; and every urban congressman would feel the goal of the program had been defeated.

This farmer wants to get the additional income which the wheat certificates will provide on the first farm...in this case, well over an additional \$3,000. By blending this income with his earnings on the over-planted farm, he feels his total income will be higher than if both farms were planted within the allotment.

Undoubtedly this is true. I wish he could have that larger income. But if he gets it and we fail to enforce cross compliance, he will destroy the wheat program. For the day is past when the public will say to the farmer: "Produce all you can. I'll buy it all at a good price, use what I need, and store the rest."

The public will never again tolerate a wheat supply of 1.4 billion bushels which I found in storage the day I became Secretary of Agriculture.

Thus, diminished political power means that the farmer must inform and persuade...first the public and then the Congress...if he is to have a farm program at all. And he must do a much better job of it than in the past.

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This isn't easy. Agriculture is changing so swiftly that even those who have spent a lifetime studying the trends of rural America can't keep up with what is taking place. Technology, science and mechanization have had an even sharper effect on agriculture than automation does on industry. Production per man hour on the farm has almost doubled since 1950. Fewer and fewer people on less land produce more and more food and fiber each year. We can produce more than we can use, and incredibly, more than we can efficiently share at home and abroad.

This is what abundance means to the farmer. And he must convince the 11 out of 12 Americans who are not farmers that they too have a vital stake in the answers to the challenge of living with super abundance.

The effort should begin, I believe, by seeking to make clear that as a people we have been approaching the problem of abundance in agriculture as though it had only one dimension. Actually, it has three dimensions.

Public efforts to solve agriculture's problem until recently have focused only on the commercial ills. We have concentrated almost exclusively on commodity programs. In 1961 we broadened our perspective and began to consider the human problems of people on less than adequate farms, of communities which need to diversify their economic base, of the widespread cancer of poverty in rural America, and of the changing needs of families and individuals in cities and suburbs for what they want from the land.

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These are all aspects of a meaningful farm program for the 1960's -- and all were drawn in broad outline by President Kennedy in 1962 in the "Food and Agriculture Program for the Sixties." The logic of the program is strong and true, and it is taking clearer shape today. President Johnson, himself a farmer and a rancher, has made it an integral part of his program and is giving it powerful support.

This is a three-dimensional policy, sometimes called the three C's, for it recognizes that:

1. Commodity programs -- are designed for the needs of commercial family farm agriculture.

2. Community programs -- are vital to the full development of opportunity in rural America. The war on poverty...the opportunities for city families who need and seek recreation in the great outdoors...the creation of new jobs in rural areas...all are part of this dimension.

3. Consumer programs -- serve those who use food and fiber as well as those who produce it. The sharing of food with the needy at home and broad programs of trade and aid overseas are phases of this dimension which seek a wide avenue on which to move the abundant productivity of the farm into fuller use.

I wish to focus particularly on commodity programs today; in doing so, I do not in any sense downgrade the two other dimensions.

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There are some who say we have tried commodity programs for 30 years with little success. I would challenge both points. We began to use commodity programs in the 1930's, but they were designed then not to help us live with abundance but to meet a national emergency -- the great depression. During the 1940's our primary need was greater production -- and agriculture responded magnificently as its contribution to the war effort. Our real experience with commodity programs began about 1953, for it was then that we began to experiment with them as instruments to bring balance to an explosively productive agriculture during a relatively peaceful and prosperous era.

I use the word experiment with care.

There is no tried and true approach to commodity programs, because each commodity has its own history. Different needs require different techniques, and both can and do change year by year. What is tried and true is the postulate from which we start -- that commercial agriculture built on the foundation of the family farm system will continue to be the most productive and responsive system of agriculture -- and the best social structure for rural America as well. Certainly, the difference between American and Russian agriculture is most distinct at this point.

So long as the explosive productivity of the family farm continues, then we will need commodity programs to protect and stabilize farm income. Yet we hear some people say that surpluses are created by farm programs -- they say if only we didn't have farm programs

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surpluses would disappear. This is a myth, for quite the contrary is true. Farm programs, where they affect the volume of production, reduce it.

But the real implication of this myth is far more serious. It actually says that if only the family farmer would disappear, surpluses would be temporary problems. But should that happen higher food costs would be a permanent problem -- and I do not even mention the far more tragic consequences to individual families and to the structure of rural society.

Another myth blocking adequate commodity programs is the belief that the farmer is -- or, at any rate, ought to be -- the sturdy yeoman, dependent on no one. Yet, until a way is found to stretch the stomach to consume everything the farmer produces at a fair price, some means will be needed to help the family farmer adjust production to the capacity of the stomach. The human stomach is relatively inelastic, and so is the demand for food.

A single farmer cannot adjust his production to fit demand -- something that General Motors or Standard Oil does easily. If he does, he can expect only to earn less by producing less. But when all farmers produce at full capacity, the result is much the same. They earn less because over-production brings low prices for all of them.

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The inescapable logic of this circle leads to the conclusion that Lincoln reached over 100 years ago: The government should seek to do for the people what the people individually cannot do for themselves.

Let's look for a moment at the specific example of wheat.

Following the wheat referendum in May of last year, growers were faced with a drop of about a fourth in total wheat income. The experts estimated that the \$2.3 billion which growers received nationally for the 1963 crop would fall to about \$1.7 billion in 1964. This has now been headed off through enactment of the new voluntary program, which restores almost \$500 million in wheat farm income this year.

These are national figures and they are pretty impressive. But national totals don't pay feed bills or grocery bills. So what does the program mean to individual growers in the State of Washington?

In this State, the 7,986 participants in the 1964 wheat program will get an average boost of almost \$3,400 in their income from wheat this year as a result of the certificate and diversion provisions of the program. The wheat growers of Washington, on the average, will benefit more than those of any other State in the Union!

For the State, the total added income will be above \$27 million. Not only will those dollars help wheat growers, they will be felt in cash registers from Riverside Avenue in Spokane to Pine Street in Seattle as farmers trade them for farm supplies and for better living for their families.

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With any new program, there always is a period of adjustment... of transition...when misunderstandings arise. The new wheat program is no different, and I would like to clear up a few questions which have come across my desk recently.

Some people may tell you, for example, that if millers didn't have to buy the 70-cent certificates, they could pay all or part of that 70 cents to farmers -- and the market price would be well above the support level.

This simply isn't true.

History shows that market prices for wheat will reflect changes in support prices. The national average support price this year is \$1.30 a bushel. In 11 of the last 15 years, the yearly average price received by farmers was below the support level -- from 3 to 17 cents below. Here in Washington, during the same period, farmers received a few cents above the loan in 9 years, a few cents below in 6 years.

If there had been no new wheat program, the support level for wheat would have been only \$1.26 a bushel -- or 50 percent of parity. With the legislation, the support price is 4 cents higher, and participating farmers will receive a return averaging \$2.00 nationally on wheat used for food -- but only because of the certificates.

I have already discussed the question of cross compliance.

Another question asked is whether this program will increase the price of bread. The program will not, for the cost of wheat to

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millers -- market price plus the cost of certificates -- will be at approximately the level of recent years.

I have also heard it said that the 25-cent export certificate will depress the price that the wheat farmer will get.

The contrary is the case. The 25-cent export certificate, anyway you figure it -- means 25 cents per bushel more for the cooperating wheat farmer.

Without the new legislation, U. S. prices would fall below world levels and the farmer would be paid for his wheat accordingly. Export certificates will get 25 cents per bushel more to the farmer... and at the same time they will enable us to fulfill our obligations under the International Wheat Agreement. We cannot hope for fair treatment in world markets if our prices fall below the minimum agreed to by treaty. On the other hand, if market prices plus the certificate result in wheat being priced higher than world prices, appropriate adjustments will be made by way of export subsidies so we will continue to be competitive.

You will hear many other things about the new wheat program as it becomes an effective instrument for the family farmer. Preliminary signup figures show that more than 75 percent of all wheat acreage is under the program, and the amount of signup is important to all farmers whether or not they themselves participate. Here in Washington State, for example, 89 percent of the wheat allotment is in the program.

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Nothing the critics of the program say, however, can hide its great significance; wheat farm income in 1964 will be reasonable in line with the income levels of recent years. And for a program that passed the Congress late in the year, this is a real accomplishment.

Because of this lateness we were unable to make the substitution feature available this year. In 1965, however, farmers in Washington who divert the minimum acres will be able to plant wheat acre for acre on land now carried in their feed grain base -- including oat and rye acreage.

This then is the story of commodity programs...programs responsive to the changing needs of the farmer and the national interest.

Because this administration has worked with your support for better commodity programs...farmers have earned \$8 billion more in gross income and \$2 billion more in net income during the last three years than they would have under programs in effect in 1960. Net income per farm is up nearly 16 percent -- or almost \$500 -- to a record \$3,430 last year over 1960.

Grain surpluses have been reduced. Wheat stocks have declined from a record 1.4 billion bushels to 890 million bushels this July. And the new program is expected to reduce stocks still more. The feed grain buildup, which threatened to push stocks to over 5 billion bushels by this year, has been reversed. Stocks at the end of 1964 will be down to about 2.2 billion bushels.

Overall, the reduction in government holdings of wheat and feed grains since the spring of 1961 is saving the taxpayer a quarter of a billion dollars a year.

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Thus commodity programs are important to the farmer...and to all Americans.

There is another way to describe the stake we all have in these programs. A number of studies, sponsored by universities and Congressional committees have determined what would happen if commodity programs were abandoned or seriously weakened. All these studies predict that net farm income would drop 40 to 50 percent without commodity programs to help balance supply and demand.

Net farm income, they predict, would decline to about \$7.5 billion from the \$12.3 billion level of 1963...or nearly \$5 billion. I don't need to describe what this would do to the rural community...it would be disaster. But the effect would not stop there. It would fall like an avalanche on the rest of the economy, carrying jobs and factories and shops and stores with it.

Strong, workable and effective commodity programs therefore remain an all-important keystone in President Johnson's three-dimensional policy for rural America.

Important as they are, however, commodity programs alone are not enough. They are not enough if we are to insure the full development of opportunity in rural America and the maximum use of the food and fiber abundance which the farmer produces.

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USDA 1919-64

We will need to give stronger emphasis than ever before to community programs...to programs which give hope to the farm youth who has little prospect of entering farming...to programs which give new hope to the young people in small towns who now seek only to escape to the city.

This means that the farmer, ever proud of the riches his land can produce, should recognize that outdoor recreation is as beneficial a product of the land as food. City and urban population is growing rapidly, and the space available for recreation is decreasing. Yet the need for outdoor space is growing, and urban families are willing to pay for the privilege of using it...providing a source of income that farmers have only begun to explore.

The efforts to expand income and job opportunities in rural America -- of which recreational development is only one -- are a practical expression of the kind of nation which President Johnson visualizes when he speaks of the Great Society.

We have the wealth to build the kind of communities we all desire. But we have yet to prove we have the capacity to do this. The Rural Areas Development effort, the war on poverty, the Appalachia program...all of these are community action programs which can bring new industry, new housing, new community facilities, new schools and new hospitals into rural America. Together they can help you as you seek to provide the kind of opportunity which the young people of rural America deserve.

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The third phase of the three C's -- consumer programs -- is intimately related to commodities and communities, for it means finding better uses for our food and fiber abundance. Food is a basic weapon in any community program to eliminate poverty, for poverty and hunger are twin companions. We have doubled the quantity and quality of the food distributed directly to needy families...and our experience with the food stamp program shows that this means of sharing our food abundance means better diets, better income to farmers and improved business for the retailer.

Food also is showing itself to be an effective instrument of American foreign policy as it builds the economies of the developing nations. The Food for Peace program is the greatest humanitarian effort ever carried forward by any nation...and perhaps the greatest builder of future export markets, as well.

And export markets, as you well know, are vital to the American farmer. Here we must find the future markets for American agriculture.

Exports already account for the output of one out of four acres of farm land -- and they are the source of 15 percent of the income of farmers. This is why since 1960 we have moved vigorously to expand farm exports -- and have raised them from \$4.8 billion to over \$6 billion a year.

This is why the United States is taking the lead in the current world trade negotiations at Geneva to expand world markets for agricultural products. We will continue to insist on significant liberalization of agricultural trade with the Common Market.

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USDA 1919-64

We have made it clear for many months now that the United States will enter into no ultimate trade agreement unless significant progress is registered toward trade liberalization in agricultural as well as industrial products.

Thus, in all three dimensions of modern agriculture, the farmer faces great challenges...and great opportunities for progress in a new age of abundance.

I am constantly pleased with what I hear and see the Grange doing these days in response to these challenges and opportunities. No one has been more vigorous than Herschel Newsom in support of commodity programs... no organization has been more active than the Grange in developing and encouraging community action programs to revitalize rural America...and no farm group has given stronger support to the efforts of President Johnson to insure that American farmers have continued access to world markets.

The President not long ago spoke of the promise of the Great Society which the age of abundance is opening before us.

In describing the Great Society, he made clear that it will be achieved only if the American people choose to do this; it will be realized if each person contributes more than would be required to fill his individual needs.

This has always been a basic precept of the Grange...and I urge you to apply it today as fully as the founders of the Grange applied it to the problems of the nation a century ago.

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Statement of the Honorable Orville L. Freeman
Secretary of Agriculture
before the
Senate Finance Committee
on the
Cattle and Beef Situation

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OCT 19 1964

C & R-ADF

June 17, 1964

I am deeply concerned over developments in the cattle industry which are having serious adverse effects on this important sector of American agriculture and on the entire economy. Beef cattle play a key role in American agriculture. In eleven states, cattle and calves make up one-third of all farm marketings. Nationally, they accounted for 23 percent of total cash receipts from marketings of farm products in 1963.

The members of this Committee have heard a great deal of testimony on the beef cattle situation. Therefore, I simply want to summarize the current situation and to indicate to you some judgments that it is my responsibility to make in terms of the overall national interest.

Prices of choice fed steers at Chicago dropped from an average of \$27.67 per cwt. in 1962, to just under \$24 in 1963, and to less than \$21 in the spring of this year. Prices have strengthened this week, but I continue to be deeply concerned over the situation. The President has repeatedly expressed his concern, and has given many hours of personal attention to it. I have given detailed attention to beef problems every day for many weeks, as have the skilled technical and professional people in the Department of Agriculture.

If we are to act effectively we must first of all understand what has taken place and what we are faced with in the future. For many years, wide swings in cattle numbers and prices have been a major characteristic of the American cattle industry. For several decades the total number of

beef cattle has trended upward, but has also moved in a cyclical fashion, reflecting adjustments which cattlemen have found it necessary to make periodically.

The build-up in the previous cycle began in 1949. Cattle numbers peaked in 1955, and then declined through 1957. Herd expansion in the current cycle began in 1958. Since then numbers have increased steadily to a total of 106.5 million for all cattle on January 1, 1964. Some further increase is expected next January 1.

Wide price swings are also characteristic of the beef cattle industry. Early in 1950, the price of choice steers in Chicago rose sharply, reaching an annual average of almost \$36 per cwt. in 1951. Prices then declined to \$21.99 at Chicago in April of 1953, and in February of 1956 were down to \$18.88. Prices improved over the three years, 1958-60, averaging \$26 to \$27 each year. Some decline occurred in 1961 but in 1962 average prices rose to \$27.62 -- the second highest annual average of the past decade.

Cattlemen will in all likelihood face these adjustments in the future as they have in the past. They usually take several years and result in severe hardship to many in the industry before beef production is again in line with demand at satisfactory prices.

The Department works closely with the livestock industry in an effort to minimize the effects of these cyclical adjustments. We are endeavoring to improve the grading system for meats. We are constantly reviewing and improving the system of market news and livestock reporting. The establishment of the Cattle Advisory Committee has provided a useful link with beef producers. We are hopeful that these and other improvements

in the flow of information between the industry and the Government may help to moderate cycles in the future. Our efforts, however, do not include any proposal for price supports for beef cattle. These have been opposed by livestock producers.

I want now to bring to this Committee a report on current developments which have major implications for the cattle industry. Important actions have been taken in regard to beef exports, beef imports, and beef consumption in this country which ought to be considered in connection with pending legislation.

Beef Exports

We expect to be exporting increasing quantities of beef before this year is over. In recent months, while our prices have declined, prices have been rising in West European markets. In fact, for the first time in many years our beef prices are becoming competitive with wholesale prices in West European markets. (See the tabulation on following page showing comparison of U. S. prices for "good" quality beef with Paris wholesale prices). The rise in beef prices in France--and in other European markets are the result of a shortage of beef in Western Europe. This has been caused by the inability of supplies in Western European countries to keep pace with increased demand for beef, and more particularly, shortages in countries that traditionally have exported to Western Europe, notably Argentina. We estimate that there is a need for 100 to 150 thousand tons of beef in the Western European markets for the remainder of this year.

Comparison of Prices of U. S. Good Carcass Beef
with Paris Wholesale Prices

Month	U. S. Good Carcass Beef			Paris Av.
	Chi. Wholesale --	CIF Le Havre <u>1/</u> cents per pound --	Equiv. Paris Wholesale --	Wholesale <u>2/</u>
Jan. 1963	43.6	54.6	67.0	44.8
June 1963	37.9	48.9	60.2	48.4
Jan. 1964	37.6	48.6	59.8	48.5
March 1964	36.2	47.2	58.1	50.5
May (last week)	34.5	45.5	51.6 <u>3/</u>	55.6

1/ Based on published ocean tariff rates. 2/ First quality French Beef.

3/ After French reduced their duty May 27, 1964.

We believe we can sell, but there is much to be done to realize substantial exports. We have not exported beef to Europe in this century in any quantity. European consumers also want leaner cuts of mature beef than U. S. consumers usually buy. So we are, in effect, faced with marketing a product which is not typically consumed in the U. S. In addition, financing, shipping, and distribution machinery must be developed, and this takes time. But our meat trade is flexible and aggressive. I feel confident it will be equal to the task. To meet this challenge, we have concluded a foreign market development agreement with the American Meat Institute which is acting on behalf of all segments of the livestock industry. We have invited delegations of buyers from Western Europe to visit this country to look at our beef and cattle. Representatives of Italy and France are here now on buying missions. We expect others in the near future. Samples of our beef have been sent abroad and now are on display so that foreign buyers can view our merchandise.

Agricultural Exports

We already export important quantities of animal products, although as yet beef exports have not reached major proportions. In 1963, exports of livestock and livestock products were valued at \$364 million, including \$54 million in meat products -- mostly variety meats and pork. The remainder was largely tallow, hides and skins, and lard. Imports of beef and veal amounted to \$354 million in 1963.

In discussing possible limitations on agricultural imports, we must be aware of the importance of agricultural exports. This is, in fact, a critical time for agricultural exports, as the Kennedy Round negotiations get underway seriously and as we look forward to reductions in tariffs and other trade barriers which will expand trade throughout the world to the mutual benefit of all countries.

We have an enormous investment in both legislative and administrative action aimed at expanding exports of industrial and agricultural products from the U.S. This was the goal of the Trade Expansion Act. It is the objective of Governor Herter as the President's Special Trade Representative, and of our negotiators in Geneva.

But even before the Trade Expansion Act was passed, the full resources of the U. S. Government, including the influence of the President, had been brought to bear to maintain and to expand U. S. agricultural trade. Since 1961 I have made half a dozen trips to Europe in pursuit of expanded trade and in efforts to reduce the adverse effects of the EEC system of variable fees.

We have made some progress in this period. Continued grain exports to the U.K. have been assured. We have improved the export position of certain fruits and vegetables -- especially fruits to France.

We have established the principle that the trade negotiations on agricultural and industrial products must proceed at the same time. As Governor Herter has put it: "...the U. S. will enter into no ultimate agreement unless significant progress is registered toward trade liberalization in agricultural as well as industrial products."

Agricultural exports from the United States make up about 26 percent of total exports. They will be valued at about \$6 billion this year. Nearly three-fourths of these sales are for dollars and they represent a key contribution to our balance of payments.

Every section of the country has an important stake in expanding agricultural exports. For most States commercial exports of cotton, soybeans and grain far exceed the value of beef imports which compete with beef production in that State. If commercial exports of soybeans and grains are pro-rated to the States on the basis of production, Iowa exported \$194 million worth of products in 1963. Iowa's pro-rata share of beef imports based on beef production amounted to only \$41 million in 1963. For Nebraska, the comparison is \$103 million in grain and soybean exports against a \$26 million share in beef imports. For the South Atlantic States, the ratio is \$121 million in cotton, soybeans and grain exports against \$14 million as the pro-rata share of beef imports. (See accompanying table 16).

These examples serve to point up the fact that it is not in the interest of ranchers and farmers in the United States that we risk the export markets for our agricultural commodities by taking unnecessary action in connection with imports of beef into the United States. Expanding exports will add to farm income and will reduce the extent of over-capacity in U. S. agriculture.

Beef Imports

Imports of beef and veal this year are expected to be at about the 1959-63 level. This is the level which would be the result of legislation which is before this committee. Thus, the objectives of S.2525 and similar bills are already being accomplished for the remainder of this year and for next year.

Sharply reduced world supplies are expected to extend ahead for about 18 months, both as a result of expected demands in Europe and our own efforts to get our suppliers to divert beef from the U. S. market. We have been informed by our major suppliers that on the basis of other requirements and their own marketing schedules, beef and veal shipments will be sharply reduced.

Imports for the first 4 months are 11 percent below last year. For the year, however, they are expected to be down 25 percent. The agreements which were negotiated earlier this year provided for a reduction of 6 percent from last year from our major suppliers. Subsequent events have further reduced prospective imports.

Domestic Consumption and Purchases

While imports are down, domestic consumption is up. In the first quarter per capita consumption was about eight percent above a year ago. This rate will not be sustained for the year, but per capita consumption of beef will be up sharply for the year. With reduced prices and expanded promotion, U. S. consumers are helping producers solve the beef problem in the time honored way -- by eating it up.

We expect to continue and to expand our cooperative promotion efforts with the industry as long as necessary. Over 100,000 retailers and 75,000 food service agencies have distributed millions of

pieces of information calling beef to the attention of the consumer. These efforts are very effective.

In addition, expanded beef purchases for needy persons and school lunches will provide more beef in the diets of our people who most need improved diets. Through last week, we had bought 111 million pounds of beef in the accelerated purchase program.

Recommendations

These are the latest developments in the beef situation. I want now to express my judgment on the proposed legislation in view of the prospects for larger exports, lower imports, and expanded consumption.

I strongly urge this committee not to report S.2525 or similar bills. I urge the Congress not to pass S.2525 or similar bills at this time. Such action could do no good in reducing beef imports or raising beef prices immediately. And it could seriously jeopardize our trade negotiating position.

Such legislation is not necessary at this time. Its purpose has been accomplished with the cooperation of our beef suppliers. Market conditions in the world are such that U. S. producers can count on sharply reduced imports of beef and live cattle this year and next year. And as the trade negotiations in Geneva go forward, the U. S. will make every effort to help open up the world's beef markets as well as to expand trade generally.

If we are to succeed in this crucial long-range effort, we cannot afford legislation which would yield no immediate benefits, but would invite immediate retaliation by our beef suppliers in the form of

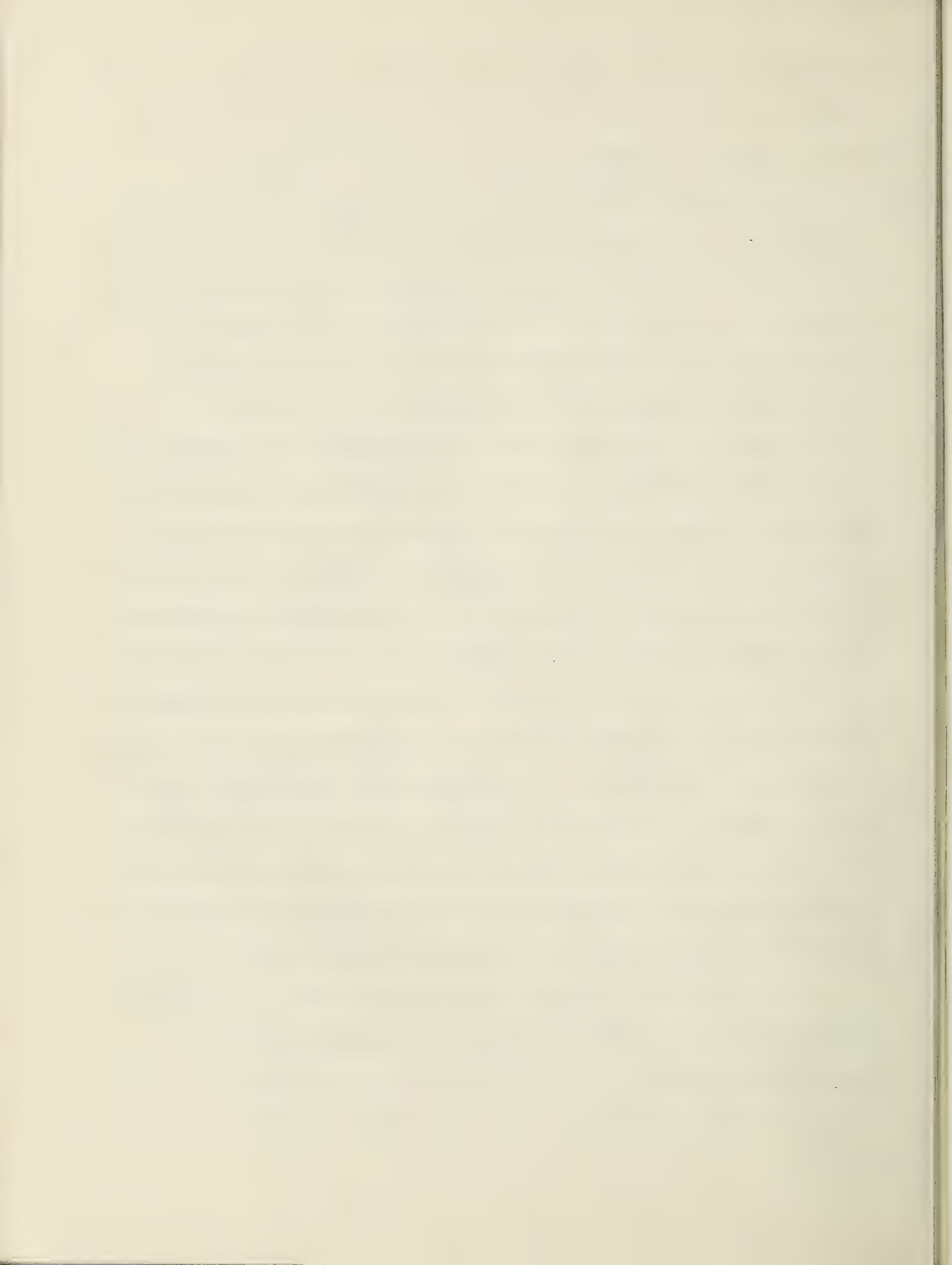
higher tariffs or reduced import quotas for American goods. It would seriously compromise our position, not only in beef, but in other farm products, and even in industrial products.

The Kennedy Round negotiations will be long and difficult. It is vital to go to the bargaining table in the best possible position. To go back on the agreements which we have negotiated would provide ammunition to those who would exclude U. S. farm products from their markets, and would alienate those countries which are our chief allies in seeking access to European markets for farm products.

Within the last year, the U. S. and other efficient agricultural producers have pressed their case for fair and reasonable access to world food markets. Together with Australia, Canada, New Zealand, Argentina, and other countries, the U. S. has insisted that efficient suppliers have the opportunity to compete for a share of the food markets of importing countries based on a recent representative period.

Within the last year, the U. S. reluctantly asked for damages under the GATT, to compensate for new trade restrictions which reduced U. S. poultry exports to EEC countries. Increased duties established by the U. S. as a result of the famous "chicken war" have sharply reduced the importation of certain truck and other products from Europe. The effect of our action has not been overlooked by European exporters. They are now feeling the backlash of their own increased duties on poultry.

The net result has been damaging to both sides. I confidently predict that this would also be the result of legislation to restrict beef imports at this time.



CATTLE AND BEEF STATISTICS

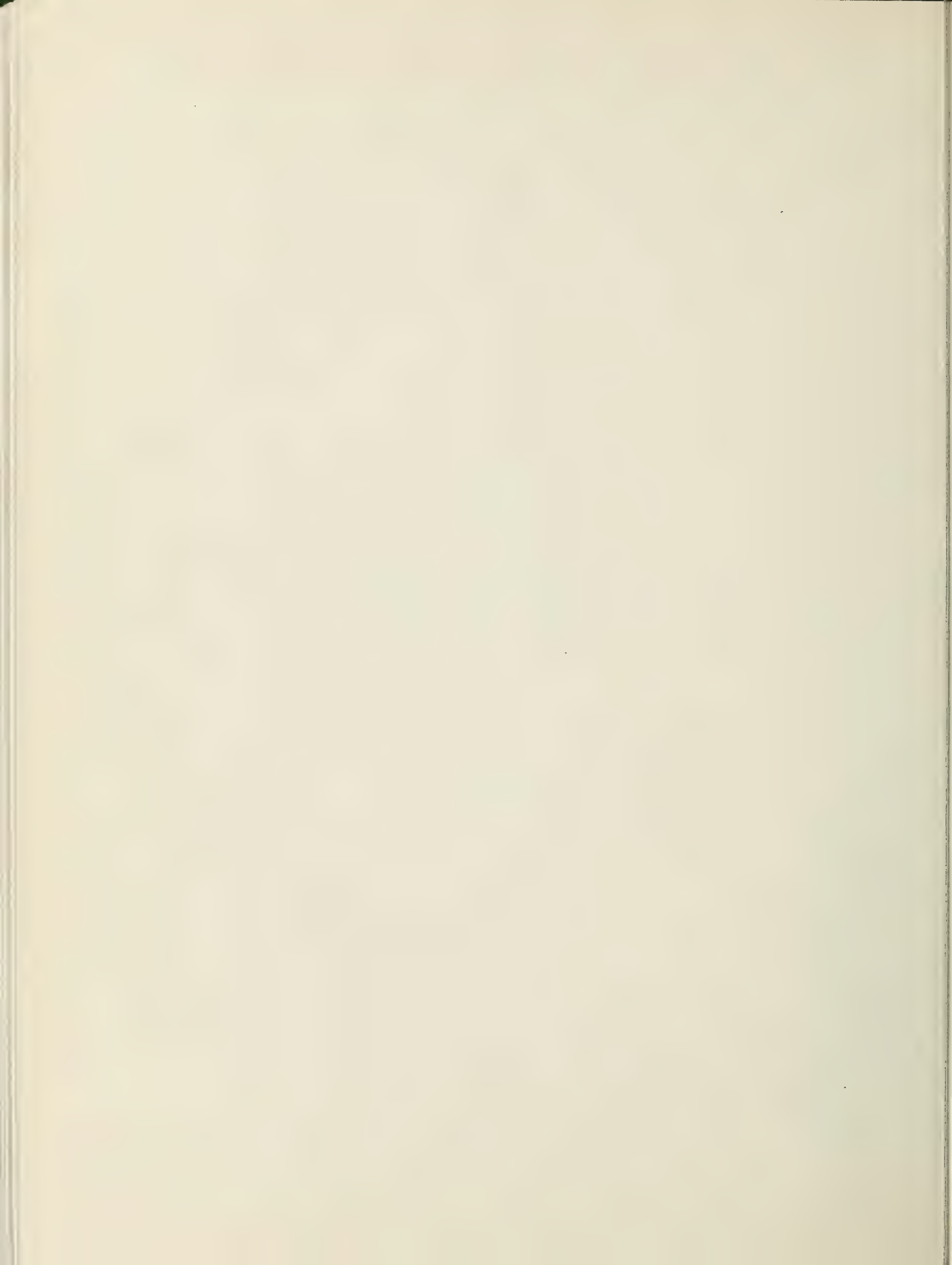


Table 1. Cattle and calves on farms January 1: Number by classes, United States, 1940 to date 1/

Year	Kept for milk				Total	Other				Total	Total cattle and calves
	Cows & heifers 2 yrs. & older	Heifers 1-2 yrs. old	Heifer calves	Cows & heifers 2 yrs. & older		Heifers 1-2 yrs. old	Calves	Steers 1 yr. and older	Bulls 1 yr. and older		
- 1,000 head -											
1940...	24,940	5,525	5,967	36,432	10,676	3,357	10,936	5,283	1,625	31,877	68,309
1941...	25,453	5,676	6,254	37,383	11,366	3,789	11,413	6,119	1,685	34,372	71,755
1942...	26,313	5,889	6,635	38,837	12,578	4,055	12,219	6,596	1,740	37,188	76,025
1943...	27,138	6,067	7,035	40,240	13,980	4,547	13,239	7,361	1,837	40,964	81,204
1944...	27,704	6,352	7,201	41,257	15,521	4,971	13,768	7,849	1,968	44,077	85,334
1945...	27,770	6,307	6,772	40,849	16,456	5,069	12,871	8,329	1,999	44,724	85,573
1946...	26,521	5,758	6,270	38,549	16,408	4,859	12,810	7,727	1,882	43,686	82,235
1947...	25,842	5,524	6,317	37,683	16,488	4,636	12,804	7,109	1,834	42,871	80,554
1948...	24,615	5,550	6,004	36,169	16,010	4,518	12,046	6,672	1,756	41,002	77,171
1949...	23,862	5,327	6,081	35,270	15,919	4,657	12,033	7,270	1,681	41,560	76,830
1950...	23,853	5,394	6,208	35,455	16,743	4,754	12,516	6,805	1,690	42,508	77,963
1951...	23,568	5,493	6,337	35,398	18,526	5,122	14,319	7,029	1,689	46,685	82,083
1952...	23,060	5,694	6,481	35,235	20,863	5,971	15,829	8,400	1,774	52,837	88,072
1953...	23,549	5,893	6,479	35,921	23,291	6,535	17,440	9,147	1,907	58,320	94,241
1954...	23,896	5,873	6,392	36,161	25,050	6,365	17,978	8,229	1,896	59,518	95,679
1955...	23,462	5,786	6,094	35,342	25,659	6,514	18,804	8,444	1,829	61,250	96,592
1956...	22,912	5,407	5,890	34,209	25,371	6,206	18,869	9,483	1,762	61,691	95,900
1957...	22,325	5,267	5,699	33,291	24,534	5,926	18,405	8,991	1,713	59,569	92,860
1958...	21,265	5,126	5,571	31,962	24,165	5,903	18,275	9,252	1,619	59,214	91,176
1959...	20,132	5,050	5,526	30,708	25,112	6,557	19,407	9,931	1,607	62,614	93,322
1960...	19,527	5,079	5,575	30,181	26,344	7,036	20,425	10,574	1,676	66,055	96,236
1961...	19,361	5,063	5,550	29,974	27,102	7,069	20,705	10,977	1,707	67,560	97,534
1962...	19,167	4,965	5,418	29,550	28,305	7,333	22,050	11,060	1,704	70,452	100,002
1963...	18,679	4,823	5,149	28,651	29,970	7,909	23,330	12,129	1,747	75,085	103,736
1964...	18,073	4,560	5,021	27,654	31,779	8,313	24,417	12,513	1,812	78,834	106,488

1/ Includes Alaska and Hawaii beginning 1961.

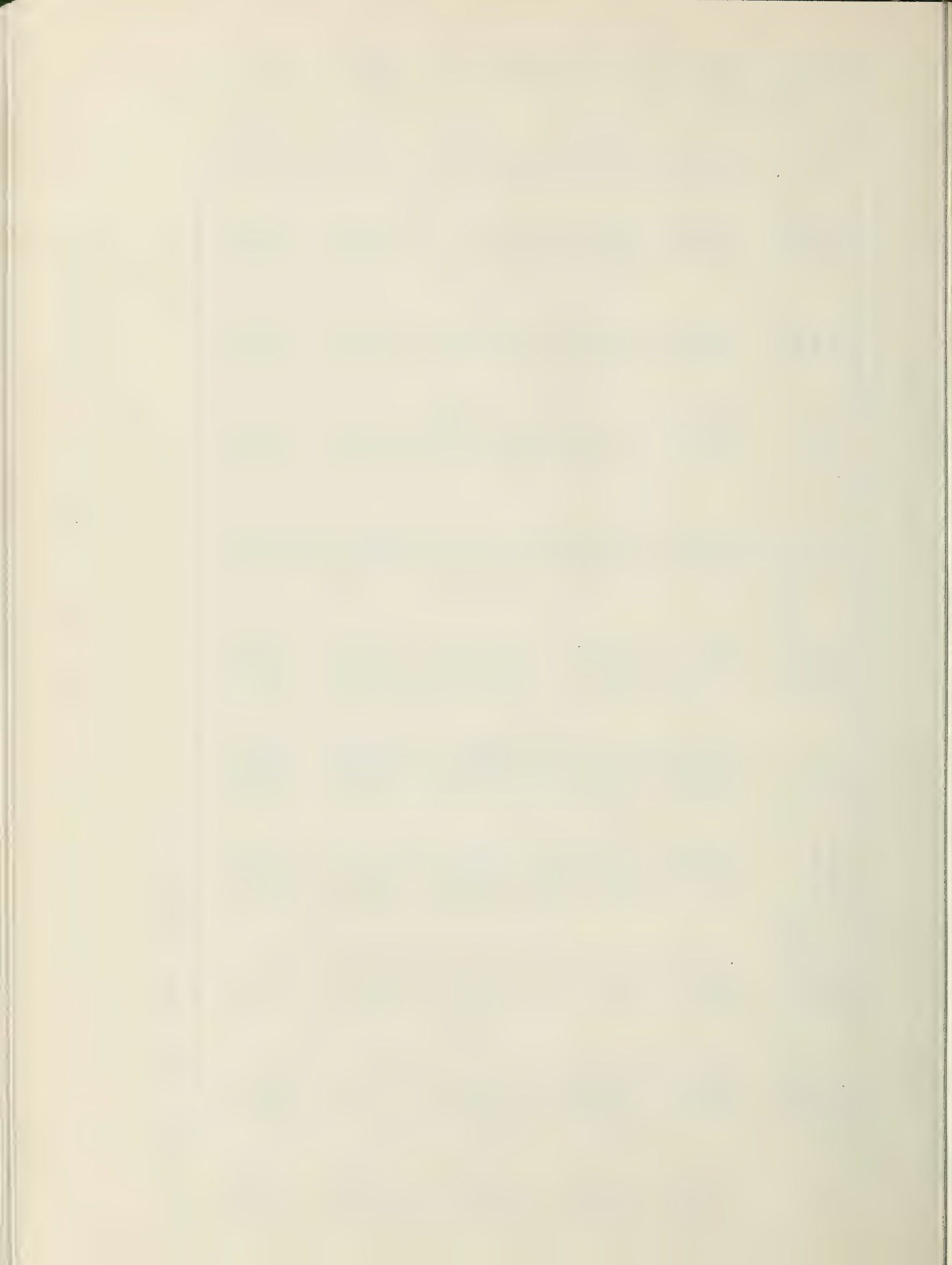


Table 2. Beef and veal production, by class of slaughter, 48 States, 1940 to date

Year	Beef					Veal				
	Commercial			Farm	Total	Commercial			Farm	Total
	Federally:	Other	Total			Federally:	Other	Total		
	1/		2/			1/		2/		
	Million	Million	Million	Million	Million	Million	Million	Million	Million	Million
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
1940	4,964	1,984	6,948	227	7,175	568	328	896	85	981
1941	5,732	2,126	7,858	224	8,082	599	353	952	84	1,036
1942	6,343	2,249	8,592	251	8,843	667	399	1,066	85	1,151
1943	5,966	2,340	8,306	265	8,571	597	481	1,078	89	1,167
1944	6,652	2,149	8,801	311	9,112	926	703	1,629	109	1,738
1945	7,236	2,700	9,936	340	10,276	823	729	1,552	112	1,664
1946	5,661	3,349	9,010	363	9,373	642	687	1,329	114	1,443
1947	7,535	2,561	10,096	336	10,432	904	589	1,493	112	1,605
1948	6,433	2,333	8,766	309	9,075	791	532	1,323	100	1,423
1949	6,998	2,144	9,142	297	9,439	746	494	1,240	94	1,334
1950	7,051	2,197	9,248	286	9,534	667	470	1,137	93	1,230
1951	6,431	2,118	8,549	288	8,837	583	389	972	87	1,059
1952	7,157	2,180	9,337	313	9,650	650	430	1,080	89	1,169
1953	9,368	2,687	12,055	352	12,407	882	569	1,451	95	1,546
1954	9,681	2,920	12,601	362	12,963	931	620	1,551	96	1,647
1955	10,195	3,018	13,213	356	13,569	903	584	1,487	91	1,578
1956	11,018	3,072	14,090	372	14,462	974	567	1,541	91	1,632
1957	10,704	3,148	13,852	350	14,202	875	567	1,442	84	1,526
1958	10,106	2,877	12,983	347	13,330	667	436	1,103	83	1,186
1959	10,462	2,771	13,233	347	13,580	575	354	929	79	1,008
1960	11,442	2,932	14,374	353	14,727	623	402	1,025	83	1,108
1961	12,026	2,904	14,930	368	15,298	586	374	960	84	1,044
1962	11,984	2,947	14,931	365	15,296	575	361	936	79	1,015
1963	13,137	2,912	16,049	374	16,423	513	334	847	80	927

1/ Includes slaughter in war-duration or "Fulmer" plants 1942-46.

2/ Total based on unrounded data.

Total commercial production of beef and veal 1/
(Million pounds)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
BEEF												
1962	1,327	1,111	1,232	1,141	1,312	1,275	1,284	1,343	1,194	1,357	1,209	1,146
1963	1,346	1,170	1,276	1,304	1,405	1,312	1,371	1,397	1,342	1,513	1,300	1,316
1964	1,511	1,299	1,412									
VEAL												
1962	82	69	78	71	79	73	76	86	81	93	79	69
1963	78	66	68	65	65	61	71	76	76	83	70	67
1964	75	64	68									

1/ Does not include farm slaughter.

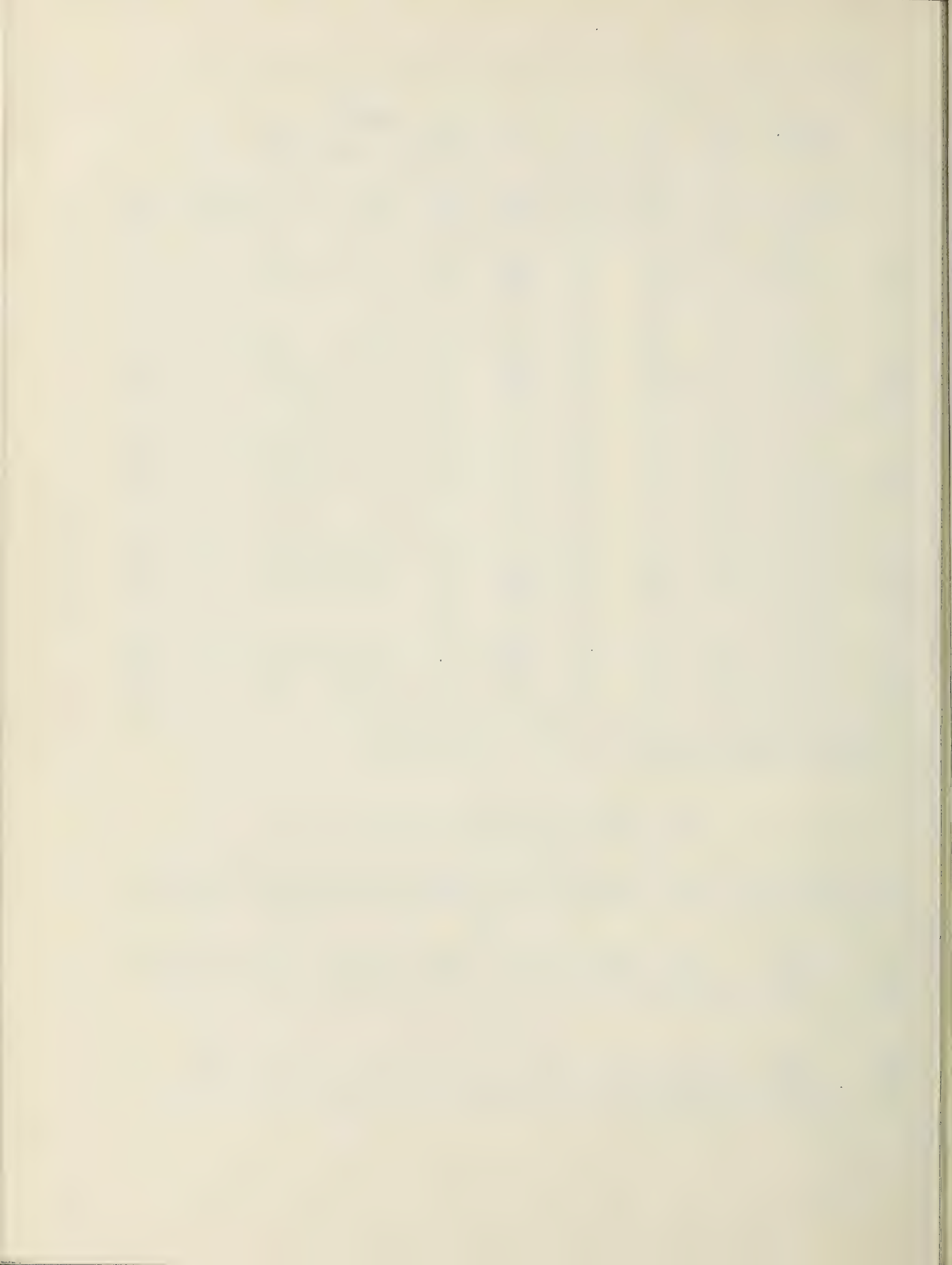


Table 3. Cattle and calves on feed, 26 States, January 1, 1940-59,
and by quarters, October 1959 to date 1/

Year	: : January 1 : :	: : April 1 : : <u>2/</u> :	: : July 1 : : <u>2/</u> :	: : October 1 : : <u>2/</u> :
	1,000 <u>head</u>	1,000 <u>head</u>	1,000 <u>head</u>	1,000 <u>head</u>
1940	3,633			
1941	4,065			
1942	4,185			
1943	4,445			
1944	4,015			
1945	4,411			
1946	4,211			
1947	4,322			
1948	3,821			
1949	4,540			
1950	4,390			
1951	4,534			
1952	4,961			
1953	5,762			
1954	5,370			
1955	5,795			
1956	5,929			
1957	6,122			
1958	5,898			
1959	6,601			5,012
1960	7,173	6,671	5,652	5,127
1961	7,645	7,100	5,822	5,597
1962	7,865	7,230	6,072	6,069
1963	8,887	8,079	6,829	6,704
1964	8,781	8,175		

1/ Cattle and calves on feed are animals being fattened for the slaughter market on grain or other concentrates and are expected to produce a carcass that will grade good or better.

2/ Totals for the 26 States for April 1, July 1, and October 1 quarters not available prior to October 1, 1959.



Table 4. Meat animal imports: Number of cattle imported,
United States, 1954 to date 1/

Year	Cattle						
	700 pounds and over			Under 700 pounds			Total
	Cows for	Other	Total	Under	200 to	Total	
	dairy			200	699		
	purposes			pounds	pounds		
- Head -							
1954.....	17,633	46,798	64,431	2,872	3,377	6,249	70,680
1955.....	26,676	73,696	100,372	3,795	191,849	195,644	296,016
1956.....	24,364	14,038	38,402	4,419	97,984	102,403	140,805
1957.....	19,342	230,272	249,614	18,400	434,901	453,301	702,915
1958.....	20,841	311,724	332,565	16,811	776,837	793,648	1,126,213
1959.....	16,600	135,956	152,556	31,775	503,725	535,500	688,056
1960.....	20,618	80,496	101,114	33,852	509,584	543,436	644,550
1961.....	25,018	125,070	150,088	37,260	835,451	872,711	1,022,799
1962.....	15,515	108,937	124,452	66,240	1,041,564	1,107,804	1,232,256
1963 <u>2/</u>	11,876	69,163	81,039	63,739	688,938	752,677	833,716

1/ Imports for consumption. Imports from Virgin Islands not included.

2/ Data are preliminary.

Meat animal imports: Number of cattle imported, United States
by months 1962 and 1963

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
- Head -												
1962..	86,694	97,354	96,694	115,821	88,244	43,928	22,115	31,831	47,583	146,936	254,679	200,377
1963 <u>1/</u> :	141,898	99,278	66,832	102,246	72,247	30,610	24,870	16,705	23,883	55,772	98,062	101,313
1964 <u>1/</u> :	56,753	54,178	50,604									

1/ Data are preliminary.

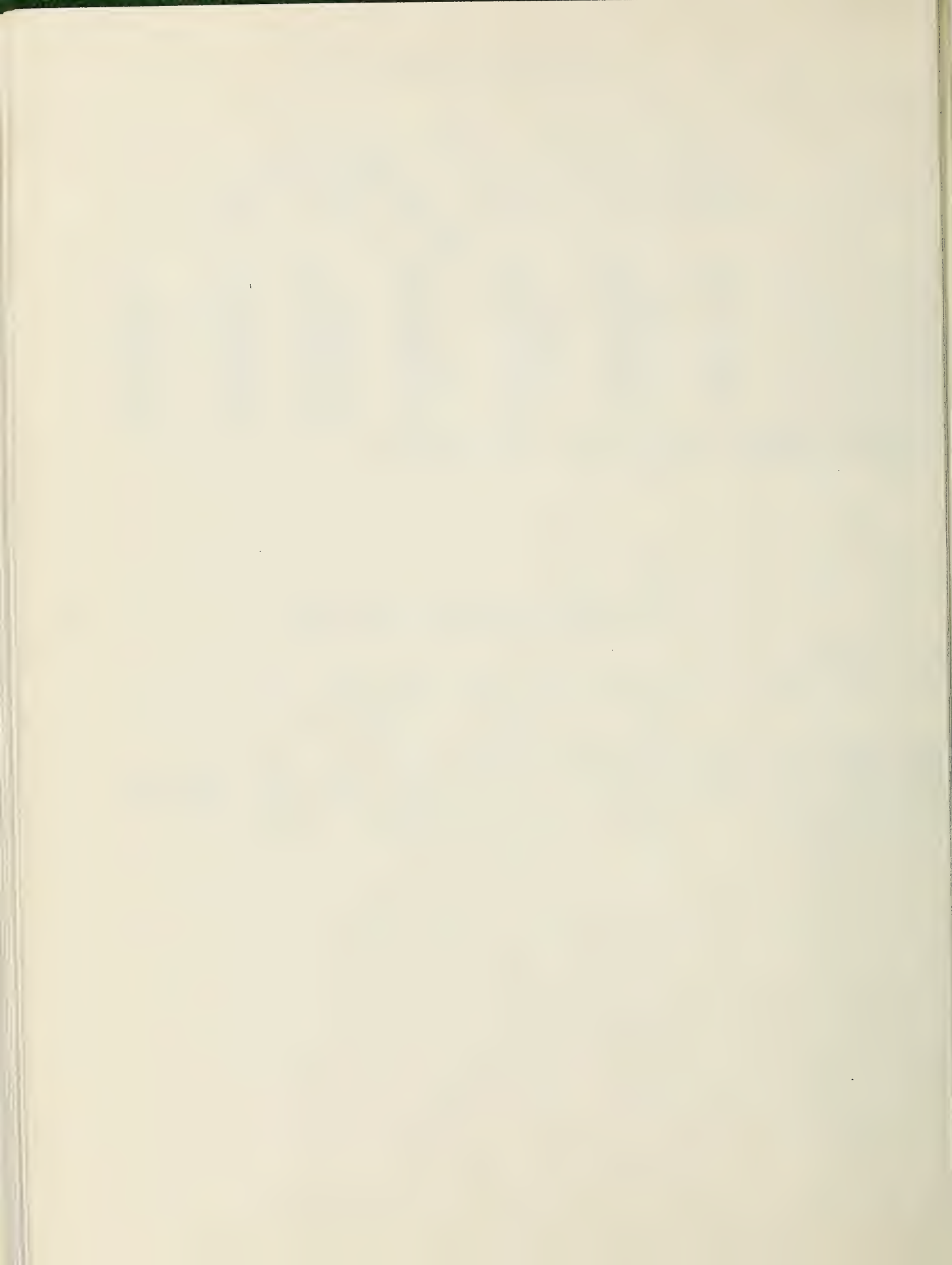


Table 5. United States beef and veal imports, carcass weight equivalent

Year	Beef										Total		
	Fresh		Pickled:		Sausage:		Other		Other		Total		Total
	and	and	and	cured	Canned		beef	canned	Boneless	beef	veal	and	
	:frozen	:	:	:	:	:	:	: N.S.P.F.:	:	:	:	:	: veal
- Thousand pounds -													
1954.....	7,520		27,416		168,784	398	8,187	5,766	12,537	230,608	1,048		231,656
1955.....	6,112		6,172		172,498	371	8,305	6,629	28,674	228,761	275		229,036
1956.....	5,140		9,799		143,999	468	7,338	6,915	36,894	210,553	245		210,798
1957.....	32,863		12,794		188,624	586	7,976	18,975	128,520	390,338	4,878		395,216
1958.....	58,880		7,250		224,606	874	12,691	176,753	414,488	895,542	13,506		909,048
1959.....	39,136		8,407		187,441	1,230	10,439	120,083	680,317	1,047,053	16,138		1,063,191
1960.....	14,685		1,107		151,538	1,135	8,369	26,636	556,765	760,235	15,275		775,510
1961.....	25,096		1,115		188,563	1,128	10,010	29,833	764,905	1,020,650	16,474		1,037,124
1962.....	18,767		620		165,739	1,159	16,223	28,908	1,182,856	1,414,273	25,511		1,439,784
1963 1/.....	19,947		746		221,174	3,650	16,427	27,102	1,363,478	1,652,524	26,429		1,678,953
1964 (Jan.-Mar.) 1/4	5,290		88		47,757	1,055	2,249	2,031	255,478	313,948	4,165		318,113

1/ Data are preliminary.

Beef and veal imports, carcass weight equivalent

Year	Beef and veal imports, carcass weight equivalent												Total		
	Fresh		Pickled:		Sausage:		Other		Other		Total		Total	beef	and
	and	and	and	cured	Canned		beef	canned	Boneless	beef	veal	and			
	:frozen	:	:	:	:	:	:	: N.S.P.F.:	:	:	:	:	: veal	: and	: veal
- Thousand pounds -															
1962.....	99,726		147,963		95,266	80,112	109,143	112,156	173,128	155,881	132,484	128,825	129,699		
1963 1/.....	86,520		132,905		100,093	136,095	119,981	169,674	177,244	179,723	156,739	132,683	135,511		
1964 1/.....	132,579		106,469												

1/ Data are preliminary.

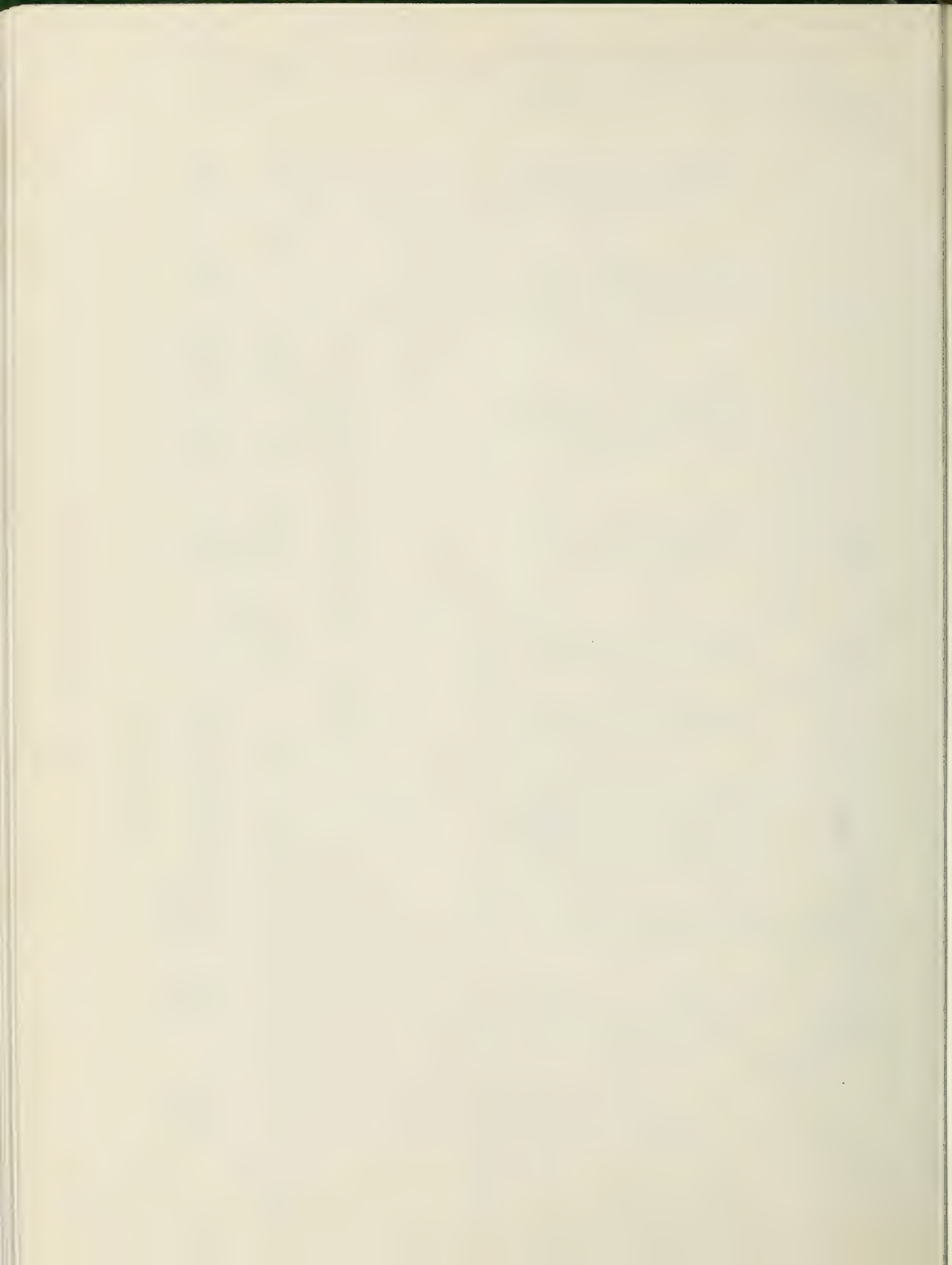


Table 6. United States imports of cattle and beef, compared
with U.S. production, by year, 1954-62

Cattle and calves and beef and veal

Year	Imports				U.S. beef and veal production: 3/	Imports as a per- centage of pro- duction
	Live animals			Total 2/		
	Number	Meat equiv- alent 1/	Meat			
	1,000 head	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Percent
1954	71	35	232	267	14,610	1.8
1955	296	93	229	322	15,147	2.1
1956	141	43	211	254	16,094	1.6
1957	703	221	395	616	15,728	3.9
1958	1,126	340	909	1,249	14,516	8.6
1959	688	191	1,063	1,254	14,588	8.6
1960	645	163	775	938	15,835	5.9
1961	1,023	250	1,037	1,287	16,341	7.9
1962	1,232	280	1,440	1,720	16,311	10.5
1963 5/	834	180	1,679	1,859	17,350	10.7

1/ Estimated at 53 percent of the live weight of all dutiable imports of cattle.

2/ Canned and other processed meats have been converted to their carcass weight equivalent.

3/ Total production (including an estimate of farm slaughter).

4/ Commercial beef and veal production plus beef and veal imports per capita.

5/ Import data are preliminary.

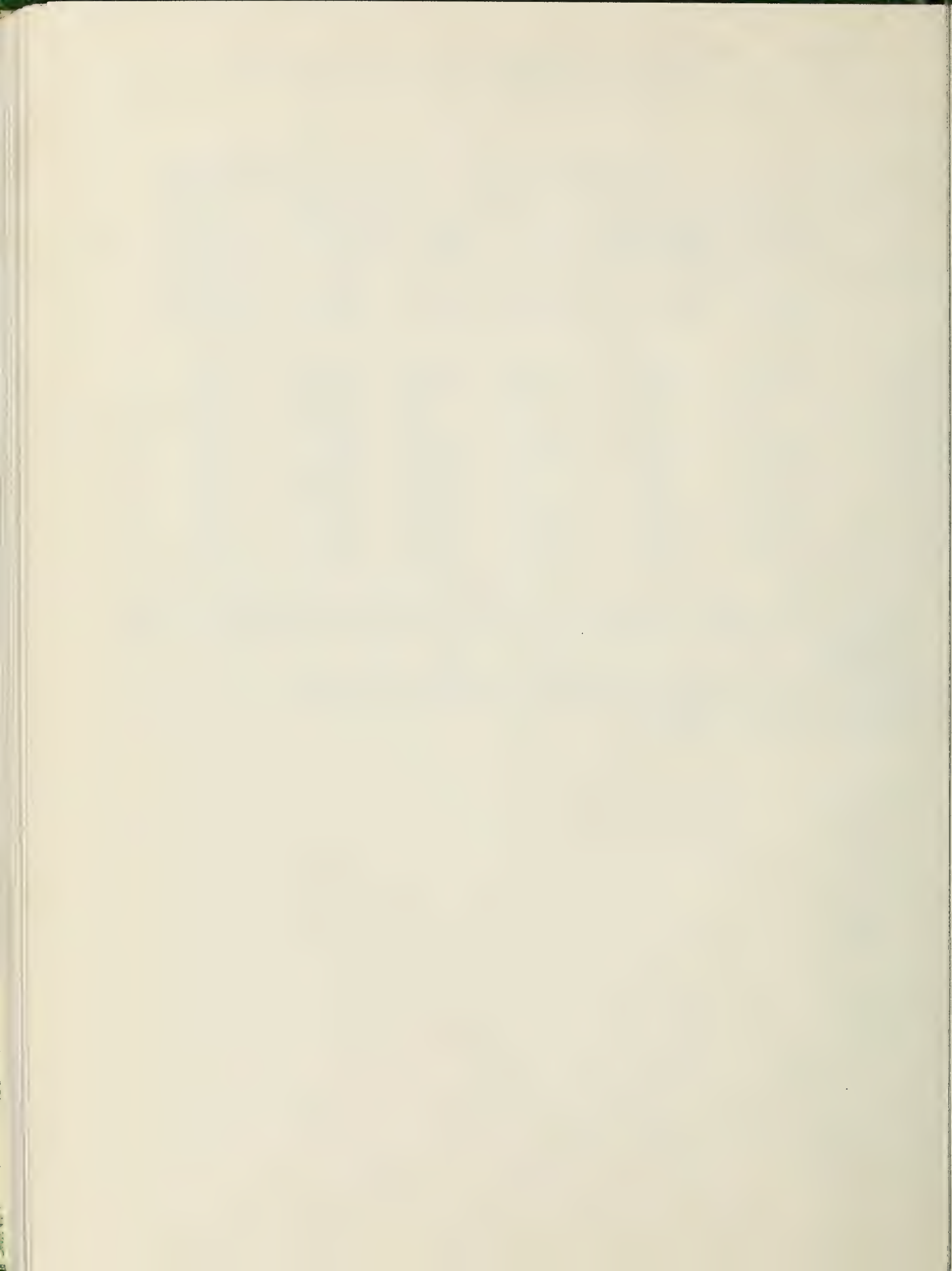


Table 7. Meat imports: United States, by countries, 1958 to date

Product and year	Imports, by country of origin, product weight														Total imports	
	Canada	Mexico	Argentina	Brazil	Denmark	West Germany	Poland	Netherlands	Ireland	Australia	New Zealand	All other	Product weight	Carcase weight equivalent		
	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.
Beef and veal: 1/																
1958.....	53.6	75.0	216.7	13.6	2.5	0.3	---	0.3	23.8	17.7	183.7	32.0	619.2	909		
1959.....	22.6	48.9	128.6	36.0	3.4	.3	---	.3	42.0	224.0	161.6	54.6	722.3	1,063		
1960.....	18.9	39.1	52.7	9.0	4.5	.3	2/	.1	52.8	144.7	130.7	59.8	512.6	775		
1961.....	32.3	53.4	65.2	16.3	6.5	.3	0.1	.1	64.4	233.9	154.4	62.3	689.2	1,037		
1962.....	19.4	59.3	55.9	17.2	7.7	.4	.4	.1	70.7	441.7	213.6	81.1	967.5	1,440		
1963 3/.....	17.2	73.0	87.4	10.9	6.1	.2	1.1	.1	72.9	516.9	235.7	100.9	1,122.4	1,679		
Lamb and mutton:																
1958.....	1.2	---	---	---	---	---	---	---	---	14.6	7.0	1.2	24.0	41		
1959.....	.8	---	---	---	---	---	---	---	---	40.6	12.8	2.6	56.8	104		
1960.....	.1	---	---	---	---	---	---	---	---	38.5	9.1	2.0	87	87		
1961.....	.1	2/	---	---	---	---	2/	---	2/	44.6	10.8	.3	55.8	101		
1962.....	.5	---	.1	---	---	---	---	---	.2	65.9	11.1	.4	78.2	143		
1963 3/.....	.7	---	---	---	---	---	2/	---	2/	65.7	14.8	.6	81.8	145		
Pork:																
1958.....	61.9	2/	2/	---	38.7	7.0	27.0	44.7	.1	---	.1	3.3	182.8	193		
1959.....	59.1	2/	2/	---	37.3	4.7	26.9	43.4	.2	---	.2	3.1	174.9	186		
1960.....	47.3	2/	2/	---	40.7	2.7	35.1	42.0	.2	---	.1	3.2	171.3	186		
1961.....	44.7	.1	---	---	46.2	1.7	34.7	42.0	.2	---	2/	4.1	173.7	187		
1962.....	46.8	2/	---	---	63.8	1.3	39.8	43.4	2.0	2/	.1	6.6	203.8	216		
1963 3/.....	45.8	2/	---	---	71.0	.9	40.0	42.9	1.3	2/	2/	8.6	210.5	226		
Total:																
1958.....	116.7	75.0	216.7	13.6	41.2	7.3	27.0	45.0	23.9	32.3	190.8	36.5	826.0	1,143		
1959.....	82.5	48.9	128.6	36.0	40.7	5.0	26.9	43.7	42.2	264.6	174.6	60.3	954.0	1,353		
1960.....	66.3	39.1	52.7	9.0	45.2	3.0	35.1	42.1	53.0	183.2	139.9	65.0	733.6	1,048		
1961.....	77.1	53.5	65.2	16.3	52.7	2.0	34.8	42.1	64.6	278.5	165.2	66.7	918.7	1,325		
1962.....	66.7	59.3	56.0	17.2	71.5	1.7	40.2	43.5	72.9	507.6	224.8	88.1	1,249.5	1,799		
1963 3/.....	63.7	73.0	87.4	10.9	77.1	1.1	41.1	43.0	74.2	582.6	250.5	110.1	1,414.7	2,050		

1/ Includes quantities of other canned, prepared or preserved meat n.e.s. Assumed to be mostly beef.
2/ Less than 50,000 pounds.
3/ Data are preliminary.

Compiled from official records of the Bureau of the Census.

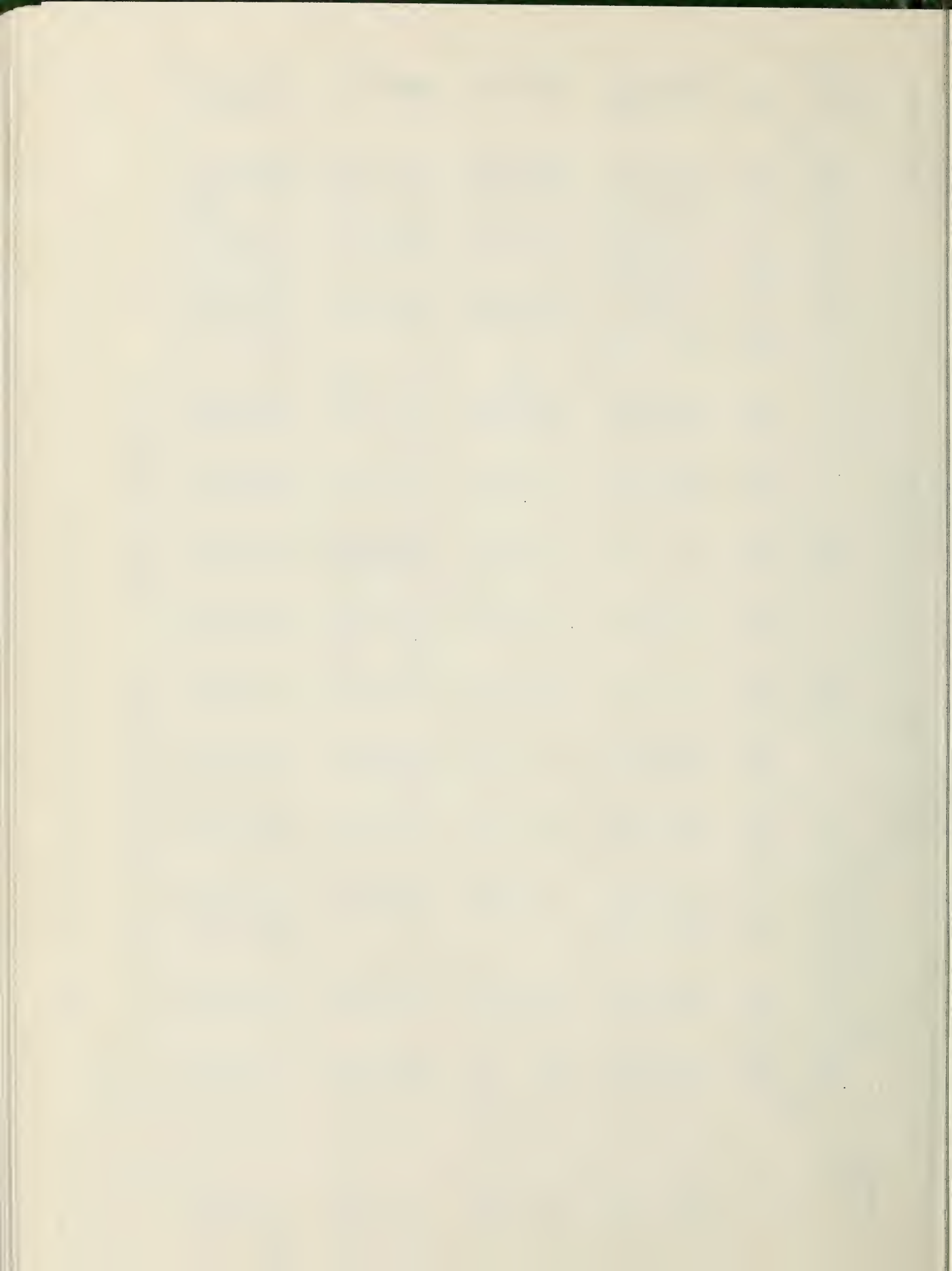


Table 8. Imports of cattle from Canada and Mexico,
excluding breeding animals, 1954 to date

From Canada

Year	Dutiable cattle				
	700 pounds and over		Under 200 pounds	200 to 699 pounds	Total dutiable cattle
	Cows for :				
	dairy :	Other :			
	purposes :				
	<u>Head</u>	<u>Head</u>	<u>Head</u>	<u>Head</u>	<u>Head</u>
1954	: 17,633	46,798	2,872	3,377	70,680
1955	: 25,252	17,543	3,256	2,218	48,269
1956	: 22,678	2,914	3,571	1,390	30,553
1957	: 18,857	186,036	10,486	151,059	366,438
1958	: 19,586	230,025	13,580	373,671	636,862
1959	: 14,998	90,259	30,738	186,630	322,625
1960	: 20,247	60,865	32,079	140,471	253,662
1961	: 24,972	88,660	28,605	337,452	479,689
1962	: 15,481	72,205	41,315	351,336	480,337
1963 <u>1/</u>	: 11,864	51,018	36,618	148,486	247,986
From Mexico					
1954	: --	--	--	--	--
1955 <u>2/</u>	: 1,424	56,153	539	189,631	247,747
1956	: 1,684	11,124	848	96,594	110,250
1957	: 480	44,236	7,914	283,842	336,472
1958	: 1,255	80,589	3,231	403,166	488,241
1959	: 1,597	45,697	1,037	317,095	365,426
1960	: 371	19,631	1,773	369,113	390,888
1961	: 46	36,410	8,655	497,999	543,110
1962	: 34	36,732	24,925	690,228	751,919
1963 <u>1/</u>	: 7	18,123	27,120	540,099	585,349

1/ Data are preliminary.

2/ Embargo which began in February 1952 due to foot-and-mouth disease was removed January 1, 1955.

Compiled from official records of the Bureau of the Census.

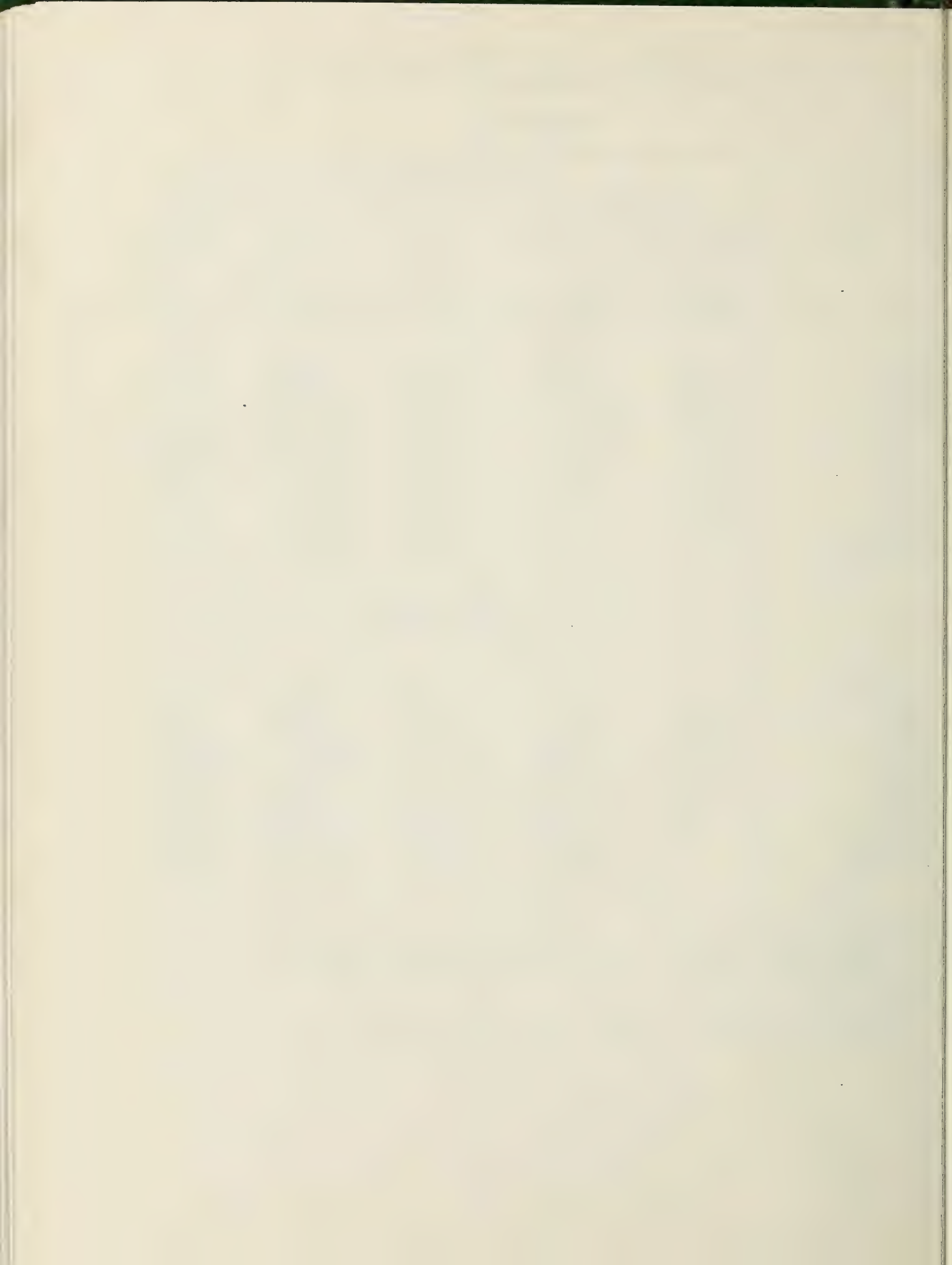


Table 9. Livestock, Meat and Meat Products: U.S. exports by value, Annual 1954-63

Commodity	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
- Million dollars -										
Beef and veal.....	9.2	10.8	27.7	28.9	9.7	10.9	11.6	12.1	12.6	11.8
Pork.....	16.5	17.1	19.3	27.7	20.6	20.9	20.9	20.7	18.6	38.3
Lamb and mutton (except canned).....	.4	.2	.3	.7	.5	.4	.7	.6	.8	.6
Sausage, bologna, and frankfurters.....	3.6	3.2	3.1	5.6	2.3	1.9	1.9	1.5	1.3	1.4
Other canned meat.....	1.3	.8	.8	2.2	1.5	1.1	.5	.4	.4	.5
Baby food, canned.....	.2	.2	.3	.5	.7	.7	.7	.5	.4	.4
Horsemeat (all kinds).....	2.6	2.6	2.9	2.0	1.1	.5	.3	.5	.6	.3
Variety meats.....	10.4	13.2	18.6	18.7	15.9	19.5	25.2	27.2	25.5	31.9
Sausage casings, natural, hog.....	3.8	4.3	4.3	6.9	8.4	8.4	7.6	11.8	11.7	9.3
Sausage casings, natural, n.e.c.....	3.9	4.3	3.3	3.2	3.4	2.6	2.7	3.1	2.7	3.1
Lard.....	83.9	76.1	79.7	74.4	52.0	60.2	60.6	46.7	40.6	48.5
Tallow and greases.....	97.2	113.5	127.8	123.1	99.3	116.0	115.2	134.6	106.9	123.7
Mohair.....	2.4	6.2	13.5	11.8	11.9	21.6	15.6	14.9	11.1	14.2
Hides and skins.....	50.8	58.5	56.9	64.9	53.3	60.1	73.3	80.7	77.1	68.3
Livestock:										
Cattle and calves.....	9.6	12.4	10.0	12.0	7.9	15.7	10.4	9.0	7.8	10.6
Sheep and lambs.....	.3	.5	1.1	.7	.4	.5	.7	.8	1.0	1.0
Hogs.....	.1	.4	.5	.3	.1	.5	.5	.6	.3	.3
Total.....	296.2	332.1	370.1	383.6	289.0	341.5	348.4	365.7	319.4	364.2

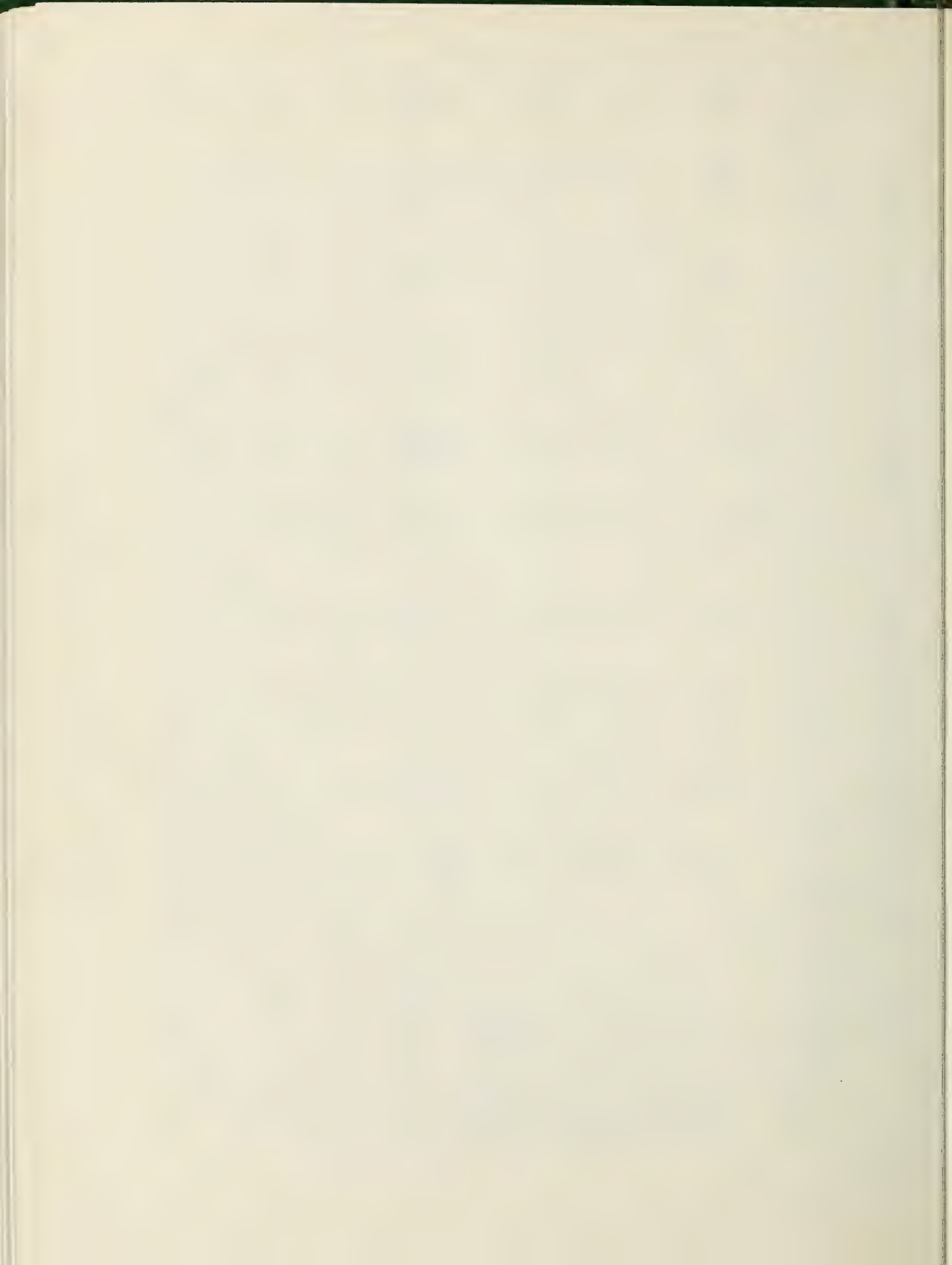


Table 10. Choice slaughter steer prices: Average cost per 100 pounds of sales out of first hands,
Chicago, 1940 to date 1/

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted average
	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>	<u>Dol.</u>
1940	9.44	9.53	9.86	10.01	9.92	9.57	10.29	10.82	11.15	11.72	11.73	11.86	10.48
1941	12.21	11.64	11.12	11.07	10.54	10.74	11.11	11.58	11.56	11.36	11.24	12.41	11.36
1942	12.54	12.47	13.03	13.83	13.65	13.12	13.75	14.87	14.63	15.07	15.40	14.90	13.90
1943	15.05	15.53	15.92	15.91	15.59	15.50	15.06	15.29	15.27	14.92	14.98	14.89	15.34
1944	15.00	15.12	15.23	15.33	15.73	16.23	16.35	16.42	16.26	16.56	16.27	15.62	15.73
1945	15.35	15.42	15.81	16.11	16.16	16.16	16.17	15.98	16.15	16.45	16.56	16.45	16.00
1946	16.51	16.36	16.37	16.46	16.55	16.98	19.86	20.73	19.58	24.97	25.63	25.28	19.32
1947	23.93	23.79	24.05	23.45	24.22	25.72	27.64	28.27	29.43	29.55	29.12	29.62	26.22
1948	30.36	27.10	26.92	28.17	30.91	34.85	36.44	36.02	34.49	32.24	30.68	27.82	30.95
1949	24.72	22.99	24.19	24.37	24.92	26.37	25.96	26.50	28.22	29.63	29.35	29.91	26.07
1950	28.14	27.19	27.33	27.66	29.19	29.99	30.62	29.97	30.32	30.42	31.24	32.98	29.68
1951	34.77	35.98	36.67	36.93	36.52	35.68	35.47	35.85	36.68	36.31	36.09	34.78	35.96
1952	34.68	34.57	34.69	34.76	34.17	32.81	33.03	33.02	32.53	32.55	32.20	30.86	33.18
1953	27.84	24.49	22.68	21.99	22.36	22.04	24.41	25.28	25.87	25.63	25.03	24.37	24.14
1954	24.74	23.86	23.89	24.83	24.25	23.88	23.99	24.08	25.00	25.37	25.85	26.53	24.66
1955	26.98	26.17	25.80	24.62	23.09	22.63	22.72	22.43	22.69	22.01	20.83	20.35	23.15
1956	20.02	18.88	19.41	20.56	20.70	21.05	22.37	25.81	27.27	26.08	24.30	21.99	22.30
1957	21.23	20.57	21.86	22.99	23.31	23.48	25.12	25.63	24.98	24.67	25.20	25.98	23.83
1958	26.82	27.54	29.90	29.37	28.83	28.07	26.99	26.11	26.70	26.67	26.77	27.19	27.42
1959	28.13	27.85	29.11	30.33	29.34	28.48	27.89	27.56	27.62	27.19	26.53	25.57	27.53
1960	26.42	26.69	28.08	27.76	27.43	26.04	25.64	25.07	24.80	24.94	26.08	26.86	26.24
1961	27.42	26.17	25.70	25.05	23.43	22.45	22.38	24.13	24.34	24.55	25.58	26.13	24.65
1962	26.39	26.76	27.31	27.45	26.02	25.25	26.50	28.19	29.85	29.50	30.13	28.91	27.67
1963	27.27	24.93	23.63	23.77	22.61	22.69	24.72	24.60	23.94	24.03	23.51	22.30	23.96
1964	22.61	21.34	21.56	21.28									

1/ Weighted average; good grades 1940-50.

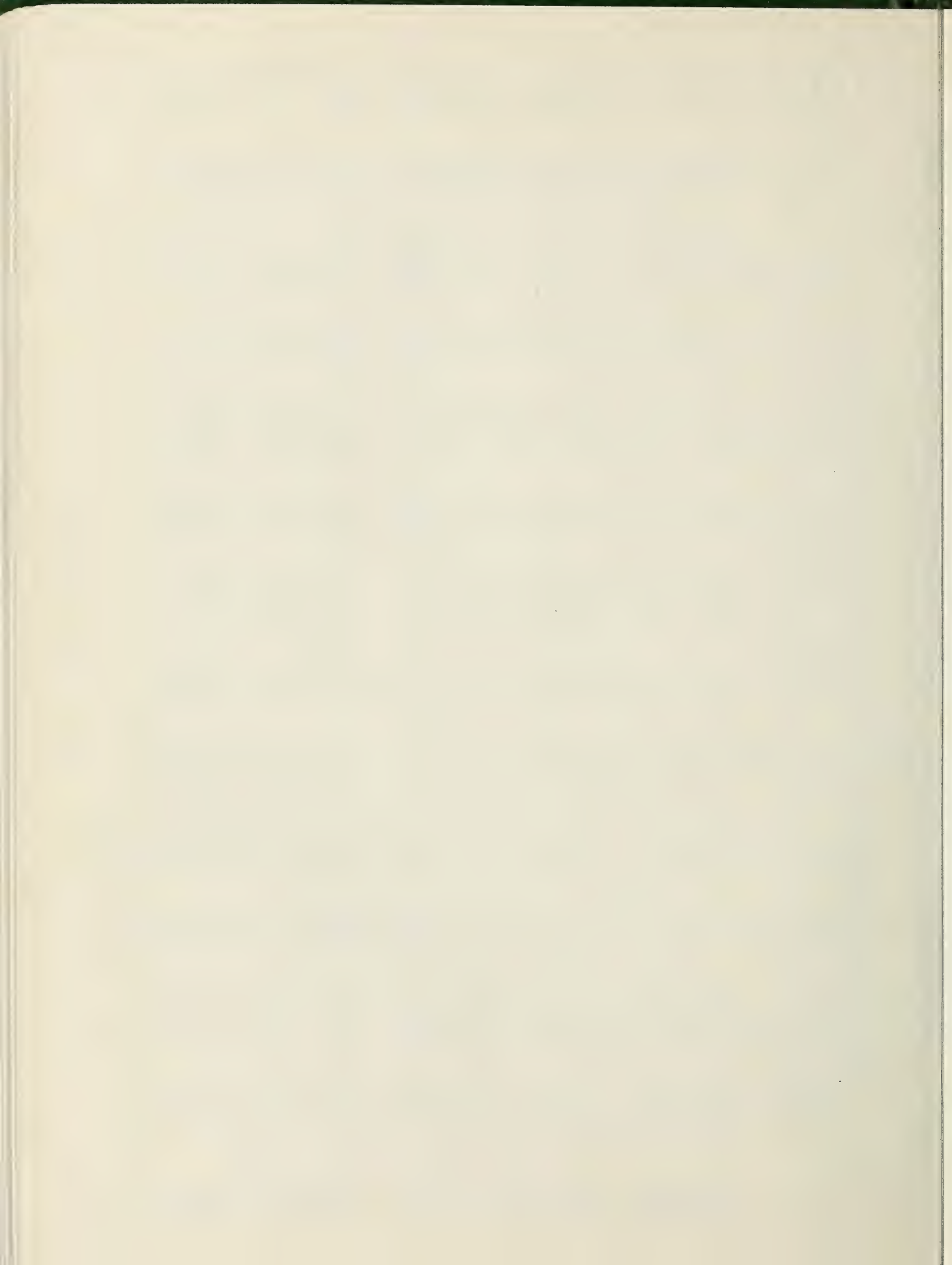
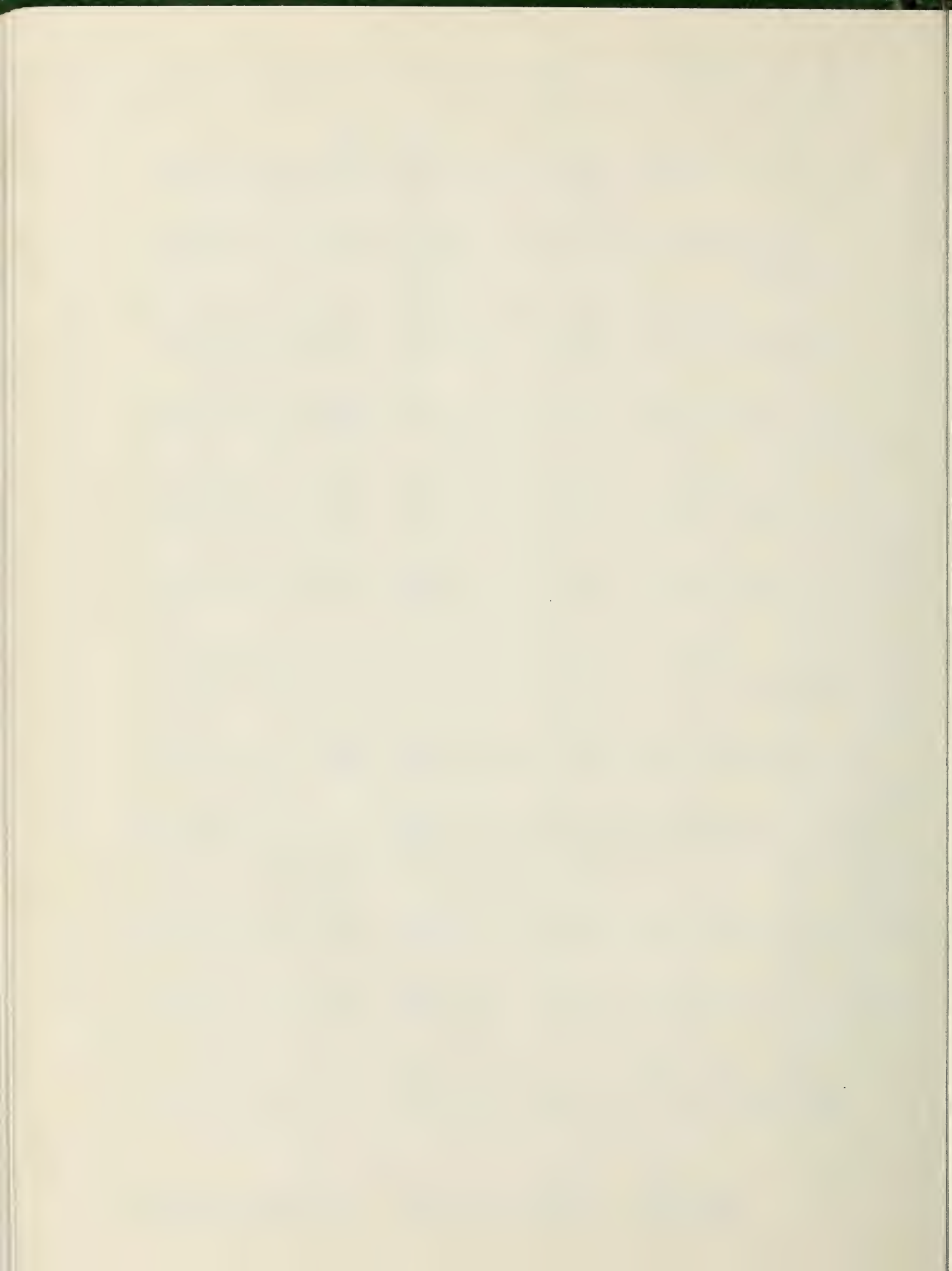


Table 11. Utility cow prices: Average per 100 pounds, Chicago, 1940 to date $\frac{1}{2}$

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
1940	5.70	5.48	5.86	6.14	6.29	6.34	5.70	5.92	5.64	5.62	5.95	5.74	5.86
1941	6.20	6.45	6.71	7.02	7.36	7.48	7.27	7.14	7.06	7.20	6.77	7.31	7.00
1942	8.13	8.22	8.18	8.84	9.16	9.12	8.96	9.40	9.12	9.40	9.39	9.61	8.96
1943	10.26	11.08	11.95	11.30	11.30	11.18	10.91	10.37	10.19	9.34	9.44	9.14	10.54
1944	9.04	9.44	10.30	10.62	10.87	10.67	9.80	10.28	10.08	9.78	9.96	10.19	10.09
1945	10.74	11.03	11.08	11.92	11.98	11.37	11.58	11.09	10.67	10.78	10.67	11.13	11.17
1946	11.45	11.30	11.62	11.87	11.74	12.13	12.24	11.46	11.39	12.65	12.50	12.82	11.93
1947	12.25	12.66	13.55	13.60	15.10	15.05	14.43	13.70	14.58	14.46	15.12	16.65	14.26
1948	18.29	17.99	18.96	19.98	21.41	21.40	21.33	20.52	19.61	18.16	18.18	18.05	19.49
1949	17.29	16.16	16.86	17.52	17.97	17.89	16.75	15.22	15.29	15.15	14.79	15.07	16.33
1950	15.73	16.86	17.77	18.20	19.88	20.26	20.78	20.46	20.60	19.88	20.78	21.16	19.36
1951	23.03	24.86	25.46	26.33	25.88	25.13	24.21	24.37	24.63	24.31	22.96	22.55	24.48
1952	21.96	21.65	22.07	22.62	23.17	21.39	19.95	19.03	17.47	15.94	14.68	14.38	19.53
1953	14.72	14.52	14.50	14.11	13.57	12.20	12.04	10.93	10.81	10.82	10.34	10.40	12.41
1954	11.60	11.66	12.41	12.85	13.50	12.38	10.63	10.90	10.77	10.61	10.18	10.06	11.46
1955	10.79	11.79	12.44	12.92	12.39	12.51	12.11	11.31	10.88	11.01	10.01	10.13	11.52
1956	10.96	11.20	11.85	12.12	12.19	12.23	11.48	11.28	11.16	10.96	10.19	10.79	11.37
1957	11.25	11.84	13.03	13.45	14.18	14.80	14.36	13.91	13.66	13.73	14.08	15.04	13.61
1958	15.88	16.80	17.85	19.20	19.82	19.94	18.89	18.52	18.74	18.66	18.50	18.15	18.41
1959	19.11	18.86	19.08	19.97	19.78	20.08	17.67	17.70	16.69	15.53	14.20	14.79	17.79
1960	15.52	15.48	17.07	17.16	17.33	16.76	15.78	14.62	14.86	14.24	14.31	14.98	15.68
1961	15.70	16.14	16.48	16.95	16.53	16.52	15.02	15.42	14.70	14.78	14.70	14.97	15.66
1962	14.87	15.26	15.97	16.06	15.91	16.42	15.31	15.20	15.65	15.31	15.22	14.91	15.50
1963	15.07	15.00	15.52	15.74	16.31	16.26	15.33	15.65	15.10	14.64	13.82	12.71	15.10
1964	13.19	13.51	14.58	14.84									

$\frac{1}{2}$ Weighted average.



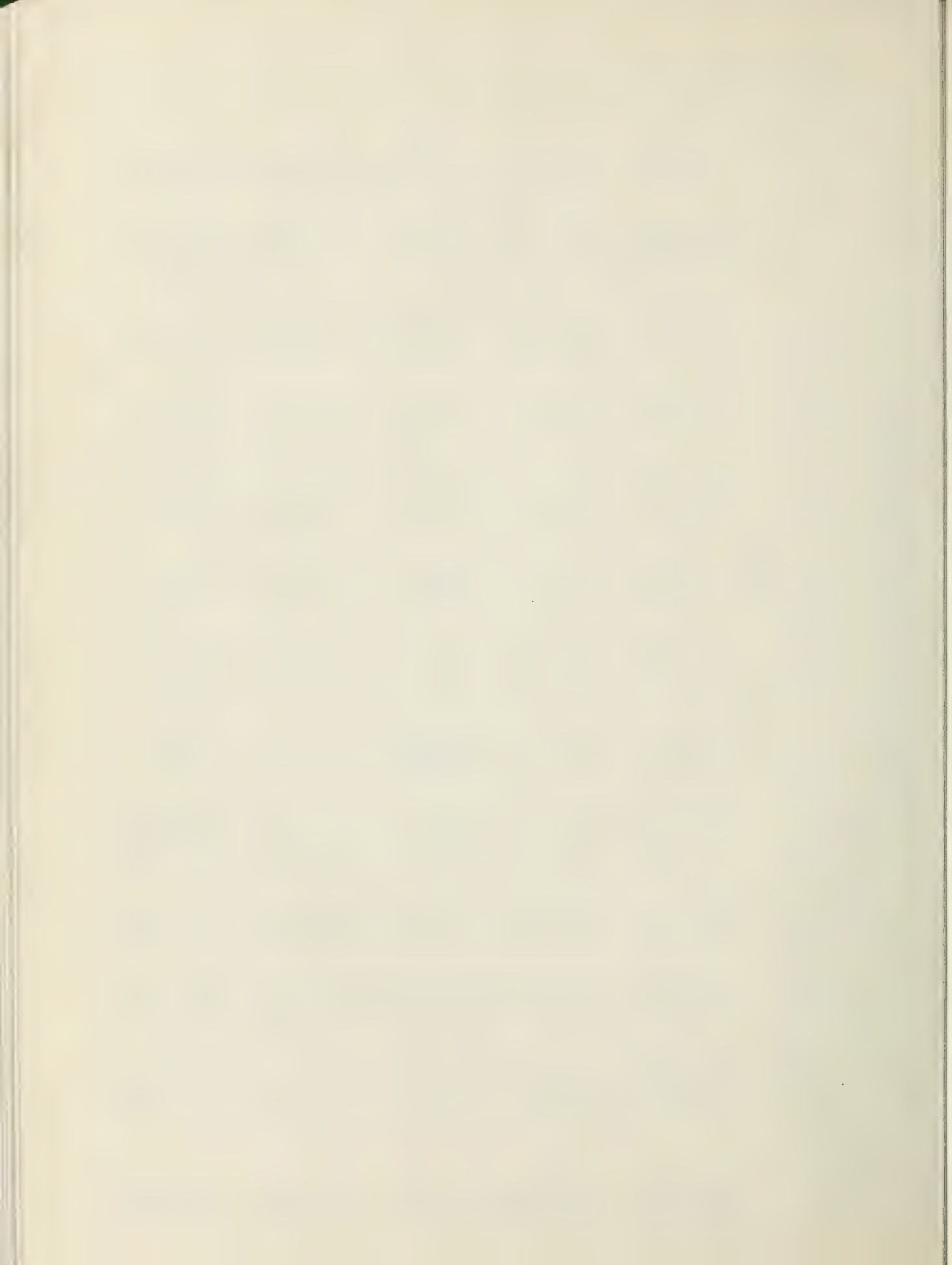


Table 13. Total meat production and consumption in the United States, 1940 to date 1/

Year	Beef				Veal				All meats				Civilian	
	Production		Consumption		Production		Consumption		Production		Consumption		Production	
	Mil. lb.	Per capita	Total	Per capita	Mil. lb.	Per capita	Total	Per capita	Mil. lb.	Per capita	Total	Per capita	Mil. lb.	Per capita
	Mil. lb.	Per capita	Total	Per capita	Mil. lb.	Per capita	Total	Per capita	Mil. lb.	Per capita	Total	Per capita	Mil. lb.	Per capita
1940	7,175	54.9	7,257	7.4	981	7.4	981	7.4	19,076	142.4	18,812	142.4	132.1	132.1
1941	8,082	60.9	8,021	7.6	1,005	7.6	1,005	7.6	19,569	143.7	18,934	143.7	131.8	131.8
1942	8,843	61.2	8,049	8.2	1,084	8.2	1,084	8.2	21,912	140.3	18,451	140.3	131.5	131.5
1943	8,571	53.3	6,860	8.2	1,059	8.2	1,059	8.2	24,482	146.8	18,921	146.8	128.9	128.9
1944	9,112	55.6	7,146	12.4	1,594	12.4	1,594	12.4	25,178	154.2	19,827	154.2	128.6	128.6
1945	10,276	59.4	7,665	11.9	1,536	11.9	1,536	11.9	23,691	145.2	18,742	145.2	129.1	129.1
1946	9,373	61.6	8,533	10.0	1,382	10.0	1,382	10.0	22,920	154.1	21,330	154.1	138.4	138.4
1947	10,432	69.6	9,916	10.8	1,545	10.8	1,545	10.8	23,338	155.3	22,142	155.3	142.6	142.6
1948	9,075	63.1	9,163	9.5	1,384	9.5	1,384	9.5	21,300	145.5	21,120	145.5	145.2	145.2
1949	9,439	63.9	9,439	8.9	1,310	8.9	1,310	8.9	21,662	144.6	21,349	144.6	147.6	147.6
1950	9,534	63.4	9,529	8.0	1,206	8.0	1,206	8.0	22,075	144.6	21,721	144.6	150.2	150.2
1951	8,837	56.1	8,472	6.6	1,003	6.6	1,003	6.6	21,898	138.0	20,489	138.0	151.1	151.1
1952	9,650	62.2	9,548	7.2	1,099	7.2	1,099	7.2	22,994	146.0	22,399	146.0	153.4	153.4
1953	12,407	77.6	12,113	9.5	1,485	9.5	1,485	9.5	24,588	155.3	24,233	155.3	156.0	156.0
1954	12,963	80.1	12,743	10.0	1,591	10.0	1,591	10.0	25,214	154.7	24,613	154.7	159.1	159.1
1955	13,569	82.0	13,313	9.4	1,531	9.4	1,531	9.4	26,895	162.8	26,430	162.8	162.3	162.3
1956	14,462	85.4	14,121	9.5	1,572	9.5	1,572	9.5	28,035	166.7	27,553	166.7	165.3	165.3
1957	14,202	84.6	14,242	8.8	1,481	8.8	1,481	8.8	26,859	158.7	26,729	158.7	168.4	168.4
1958	13,330	80.5	13,786	6.7	1,150	6.7	1,150	6.7	25,658	151.6	25,980	151.6	171.4	171.4
1959	13,580	81.4	14,202	5.7	990	5.7	990	5.7	27,319	159.5	27,819	159.5	174.5	174.5
1960	14,727	85.2	15,121	6.2	1,092	6.2	1,092	6.2	28,208	161.4	28,629	161.4	177.4	177.4
1961	15,298	88.0	15,873	5.7	1,041	5.7	1,041	5.7	28,585	161.0	29,045	161.0	180.4	180.4
1962	15,296	89.1	16,298	5.5	1,015	5.5	1,015	5.5	28,956	163.6	29,931	163.6	183.0	183.0
1963 ^{2/}	16,423	94.6	17,568	4.9	911	4.9	911	4.9	30,559	169.9	31,560	169.9	185.8	185.8

1/ Data excluded meat produced in Hawaii and the Virgin Islands. Beginning 1941, consumption is civilian only. Units are carcass-weight equivalent; exclude edible offals.

2/ Preliminary.

3/ Census estimate unadjusted for underenumeration.

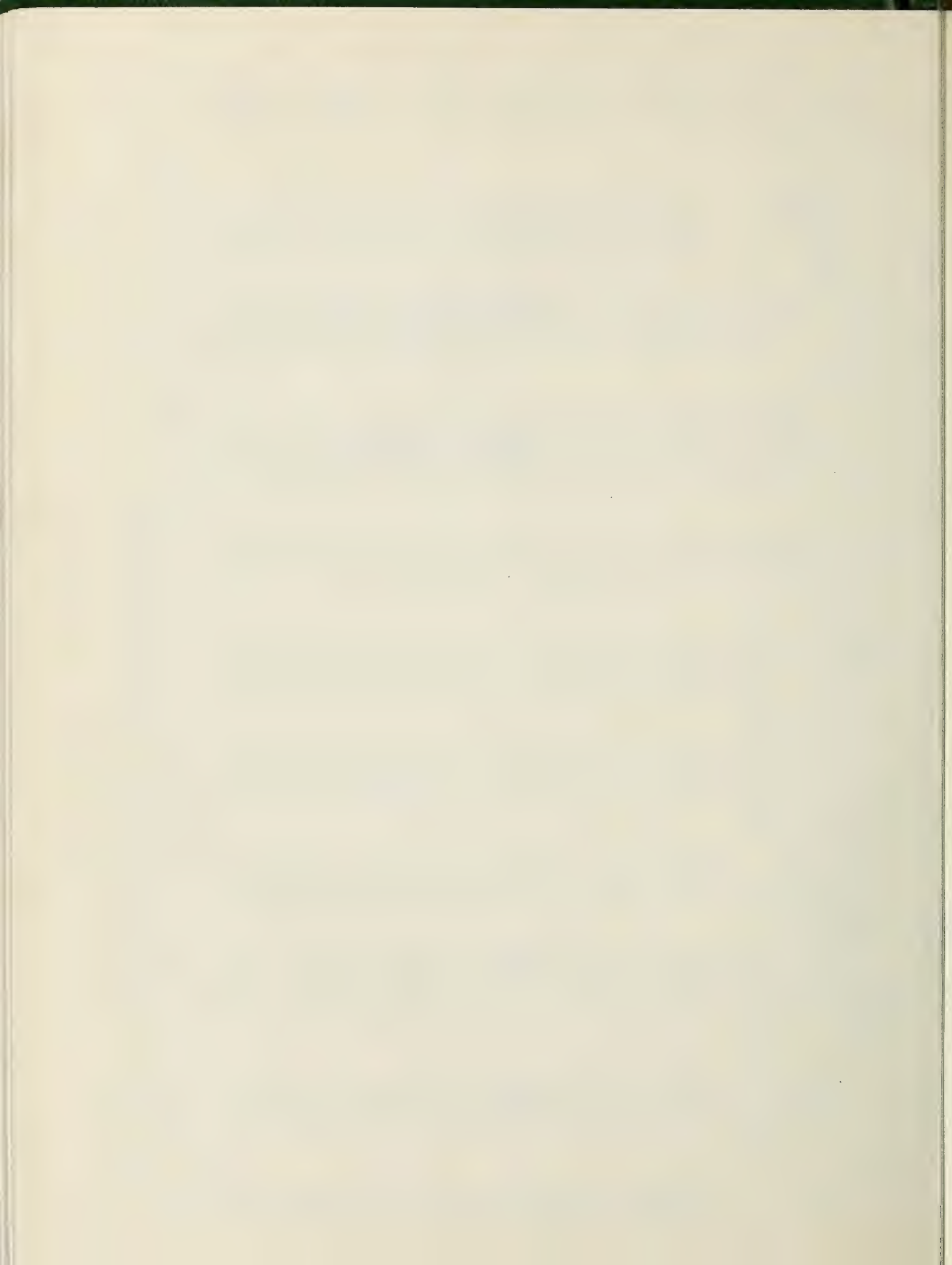


Table 14. Cattle and calves: Inventory numbers, calf crop, disposition, production and income, United States, 1940 to date 1/

Year	On hand Jan. 1 2/	Calves born	Inship-ments	Marketings 3/	Farm slaughter	Deaths	Production 4/	Marketings 3/	Price per 100 pounds	Value of production 4/	Cash receipts 5/	Value of home consumption	Gross income	Cost of inship-ments
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 pounds	1,000 pounds	Dollars	Dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1940.....	68,309	29,886	7,026	18,413	10,365	571	728	1,397	1,992	15,702,110	17,528,745	1,375,631	1,400,019	401,821
1941.....	71,755	31,868	7,185	20,740	11,001	571	684	1,461	2,118	17,029,460	18,627,810	1,704,587	1,732,295	483,871
1942.....	76,025	34,388	8,514	20,740	11,787	646	641	1,560	2,349	18,567,995	20,471,740	2,262,549	2,299,679	671,182
1943.....	81,204	34,797	7,442	21,310	11,177	708	620	1,734	2,560	19,159,375	20,866,045	2,562,452	2,606,409	640,989
1944.....	85,334	37,040	7,233	23,627	14,323	854	724	1,734	2,772	19,708,295	23,117,075	2,604,481	2,652,264	564,830
1945.....	85,573	35,155	8,257	27,541	13,222	919	753	1,637	2,678	19,517,065	26,674,760	3,318,156	3,374,809	706,007
1946.....	82,235	34,643	8,774	26,267	13,026	943	766	1,549	2,547	18,998,709	25,270,189	3,761,321	3,832,944	888,326
1947.....	80,554	34,703	8,302	26,981	13,893	871	713	1,464	2,466	19,129,845	26,099,145	4,967,257	5,054,185	1,087,069
1948.....	77,171	33,125	7,595	23,417	12,607	791	611	1,388	2,247	18,401,950	23,104,585	5,284,839	5,381,315	1,284,957
1949.....	76,830	33,748	8,079	22,905	12,627	752	570	1,507	2,333	19,274,489	23,593,141	4,848,640	4,931,689	1,163,294
1950.....	77,963	34,899	8,896	22,664	12,028	713	528	1,445	2,297	21,185,248	23,617,788	5,679,708	5,773,564	1,617,694
1951.....	82,083	35,825	9,185	22,638	11,328	708	484	1,537	2,326	22,990,053	23,678,710	7,004,949	7,127,998	1,997,784
1952.....	88,072	38,273	9,091	23,652	12,246	769	494	1,603	2,431	24,932,623	24,937,063	6,205,603	6,324,650	1,500,146
1953.....	94,241	41,261	8,367	28,307	14,431	860	532	1,573	2,487	27,405,041	29,448,031	4,877,805	4,972,241	910,157
1954.....	95,679	42,601	9,907	30,622	15,514	872	524	1,574	2,489	27,580,320	31,428,450	5,088,323	5,190,235	1,110,047
1955.....	96,592	42,112	9,895	31,998	15,297	865	487	1,590	2,462	28,099,491	33,216,016	5,245,324	5,352,239	1,110,752
1956.....	95,900	41,376	10,609	34,155	15,578	893	487	1,487	2,425	27,530,810	35,450,215	5,352,745	5,463,012	1,116,394
1957.....	92,860	39,905	11,092	32,975	14,620	836	449	1,446	2,355	26,554,576	34,146,611	5,944,023	6,066,484	1,469,760
1958.....	91,176	38,860	12,616	31,174	13,110	813	423	1,512	2,298	26,764,386	32,841,285	7,321,653	7,482,392	2,160,350
1959.....	93,322	38,938	13,140	32,130	11,977	792	389	1,501	2,375	28,279,740	34,025,125	7,833,705	7,998,994	2,208,067
1960.....	96,236	39,353	13,448	34,378	12,054	802	386	1,567	2,531	28,271,470	35,825,305	7,387,798	7,542,885	2,011,972
1961.....	97,534	40,019	14,763	35,224	11,854	834	380	1,534	2,487	29,694,319	36,858,776	7,504,466	7,725,275	2,251,958
1962.....	100,002	41,027	16,591	36,520	12,056	825	360	1,580	2,543	30,375,728	37,703,623	8,186,461	8,354,004	2,627,994
1963.....	103,736	41,811	15,795	37,787	11,827	830	366	1,567	2,477	32,328,503	39,892,288	8,079,314	8,241,041	2,380,957
1964.....	106,488													

1/ Balance sheet estimates. Total of marketings, farm slaughter, deaths, and on hand end of year equals total of calf crop, inshipments, and on hand beginning of year. Includes Alaska and Hawaii beginning 1961.

2/ All cattle and calves.

3/ Excludes interfarm sales.

4/ Adjustments made for inshipments and changes in inventory.

5/ Receipts from marketings and from sales of farm slaughtered meats.

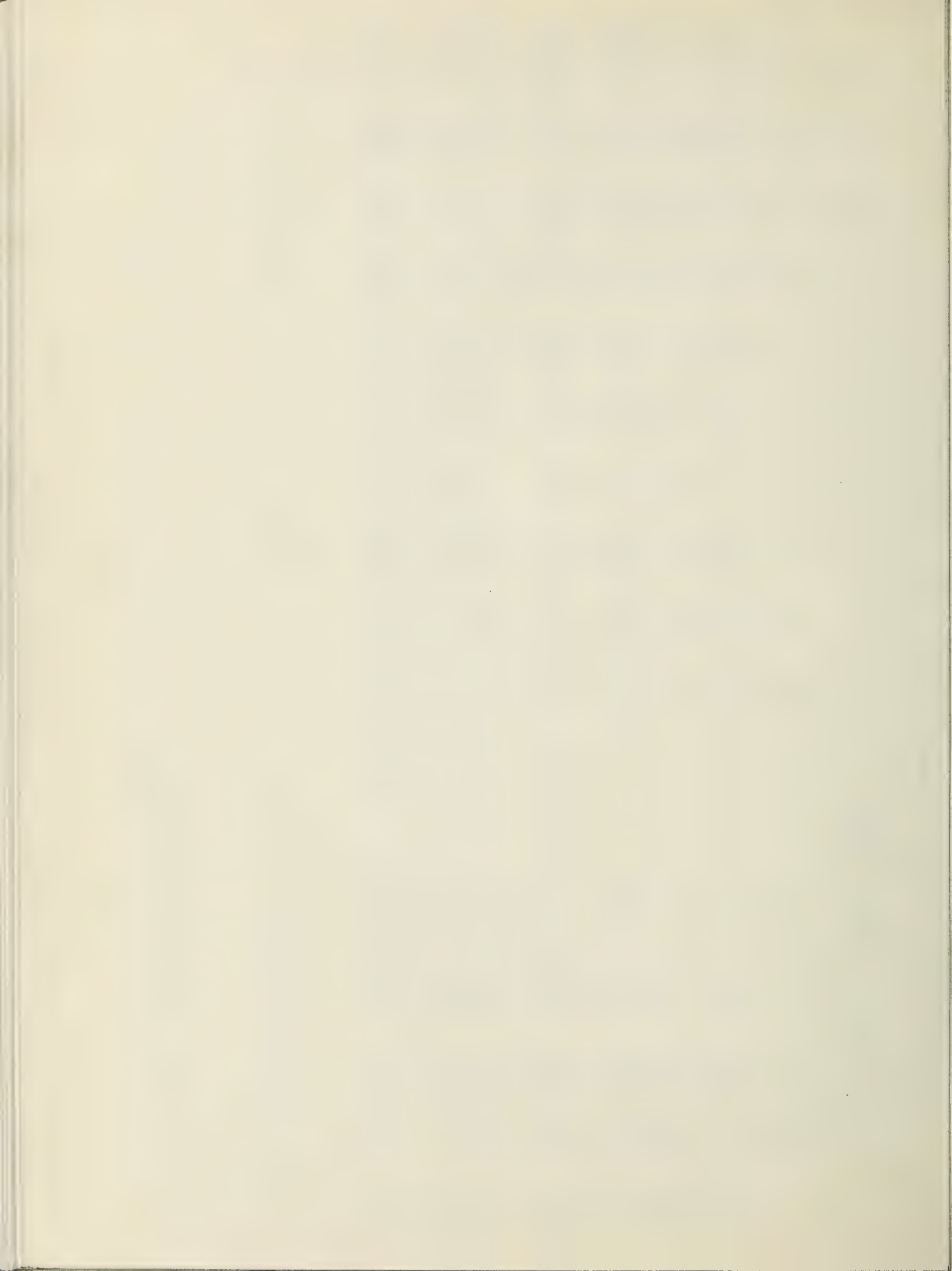


Table 15. Chicken and turkey: Civilian per capita consumption, 48 States 1940-63

Year	Eggs	Poultry, ready-to-cook weight				Turkey
		Total	Chicken			
			Total	Approximate percentage that is broiler meat		
Number	Pounds	Pounds	Percent	Pounds		
1940	319	17.0	14.1	14	2.9	
1941	311	18.3	15.4	18	2.9	
1942	318	20.7	17.7	18	3.0	
1943	347	25.7	23.0	18	2.7	
1944	354	23.1	20.4	19	2.7	
1945	402	25.1	21.6	23	3.5	
1946	379	23.1	19.4	21	3.7	
1947	383	21.7	18.1	24	3.6	
1948	389	21.4	18.3	30	3.1	
1949	383	22.9	19.6	36	3.3	
1950	389	24.7	20.6	42	4.1	
1951	392	26.1	21.7	48	4.4	
1952	390	26.8	22.1	53	4.7	
1953	379	26.7	21.9	56	4.8	
1954	376	28.1	22.8	60	5.3	
1955	371	26.3	21.3	65	5.0	
1956	369	29.6	24.4	71	5.2	
1957	362	31.4	25.5	75	5.9	
1958	354	34.1	28.2	78	5.9	
1959	352	35.2	28.9	79	6.3	
1960	334	34.4	28.2	83	6.2	
1961	326	37.8	30.3	84	7.5	
1962	323	37.2	30.1	85	7.1	
1963 1/	315	37.7	30.9	87	6.8	

1/ Preliminary.



Table 16. Value of beef and veal imports and of commercial exports of principal agricultural commodities, distributed by States (based on sales by farmers), 1963 ^{1/}

State	Imports	Commercial exports			
	Beef and veal	Cotton	Soybeans	Grain	Total
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	258			51	51
New Hampshire	131				
Vermont	495			6	6
Massachusetts	248			9	9
Rhode Island	39				
Connecticut	240			9	9
New York	3,020		64	4,172	4,236
New Jersey	386		766	1,898	2,664
Pennsylvania	3,951		64	8,895	8,959
NORTH ATLANTA	8,768		894	15,040	15,934
Ohio	6,897		38,445	40,789	79,234
Indiana	6,946		68,267	73,268	141,535
Illinois	20,227	63	152,818	165,665	318,546
Michigan	3,947		6,258	22,527	28,785
Wisconsin	7,176		1,596	7,767	9,363
EAST NORTH CENTRAL	45,193	63	267,384	310,016	577,463
Minnesota	14,756		51,599	39,603	91,202
Iowa	40,815		97,323	96,447	193,770
Missouri	13,680	14,214	59,198	32,193	105,605
North Dakota	5,631		2,618	80,491	83,109
South Dakota	12,442		3,001	27,343	30,344
Nebraska	25,727		7,982	95,114	103,096
Kansas	25,430		10,473	111,648	122,121
WEST NORTH CENTRAL	138,481	14,214	232,194	482,839	729,247
Delaware	106		3,448	2,752	6,200
Maryland	1,132		4,279	6,122	10,401
Virginia	3,590	241	4,470	5,368	10,079
West Virginia	1,036			351	351
North Carolina	1,383	8,636	13,602	14,177	36,415
South Carolina	1,019	14,192	11,239	2,832	28,263
Georgia	2,440	16,532	1,341	8,384	26,257
Florida	3,636	488	958	1,162	2,608
SOUTH ATLANTA	14,342	40,089	39,337	41,148	120,574
Kentucky	5,624	227	5,173	8,211	13,611
Tennessee	4,336	17,232	10,281	4,187	31,700
Alabama	3,753	21,539	3,065	4,400	29,004
Mississippi	4,198	52,858	23,245	3,967	80,070
Arkansas	2,964	43,760	47,129	25,204	116,093
Louisiana	3,402	16,943	5,811	22,720	45,474
Oklahoma	12,651	8,603	1,724	30,053	40,380
Texas	30,551	136,740	2,363	105,708	244,811
SOUTH CENTRAL	67,479	297,902	98,791	204,450	601,143
Montana	6,013			33,206	33,206
Idaho	4,120			14,996	14,996
Wyoming	4,011			1,819	1,819
Colorado	15,604			17,954	17,954
New Mexico	5,899	8,243		4,377	12,620
Arizona	7,045	29,139		4,189	33,328
Utah	2,090			2,104	2,104
Nevada	1,125	201		237	438
Washington	3,052			30,209	30,209
Oregon	3,586			12,836	12,836
California	26,444	59,809		48,565	108,374
Alaska	11				
Hawaii	417				
WEST	79,417	97,392		170,492	267,884
UNITED STATES	353,680	449,660	638,600	1,223,985	2,312,245

^{1/} Also includes value of products exported.

OCT 19 1964

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Statement
of
The Secretary of Agriculture, Orville L. Freeman,
before the
Senate Committee on Agriculture and Forestry
June 18, 1964

Mr. Chairman, Members of the Committee:

I appreciate the opportunity to appear in support of H.R. 10222, the House-approved bill which will place the Pilot Food Stamp Program on a permanent basis.

This program, together with other measures to share our food abundance, reflects our belief that every American should have the opportunity to obtain an adequate diet and that our farmers should have access to the full potential of our domestic market for food.

It also reflects our continuing search to find better and more effective methods to translate this belief into a reality.

The food stamp approach is not a new idea. Such a program was operated between 1939 and 1943. Wartime conditions led to its suspension but the program continued to have popular appeal and considerable bi-partisan support in the Congress. In this regard, Mr. Chairman, I wish to particularly acknowledge the role of the distinguished senior Senator from Vermont. He has never wavered in his support for such a program.

For a large proportion of our people, food is a bargain. The cost of food, in relation to family income, is lower than ever before in history -- and lower than in any other country in the world. Most

consumers take their varied, nutritious, and reasonably priced food supply for granted -- too much for granted for a proper understanding of the fundamental contribution the American farmer makes to our national strength.

But as President Johnson has so dramatically reported to the Congress and to the Nation, about one-fifth of our people live in poverty -- with incomes and earning capacities too small to meet minimum essential needs. Low income is a major cause of inadequate diets. Yet, low-income families spend as much as 40 percent of their income for food.

Certainly, a child should not be deprived of the food he needs because the skill of his father has meant that only the lowest-paying employment is open to him. The unmet food needs of the family man out of work, the mother with dependent children, the aging, and the disabled also means untapped markets for farmers and food distributors.

Thus, inadequate diets affect all sectors of our economy -- consumers, producers and business interests.

The Committee is aware that the Department of Agriculture now operates a number of other food programs to improve nutrition and expand farm markets. Among these are the school lunch and special milk programs for children and the direct distribution of Federally owned foods to charitable institutions and needy families.

We are proud of these programs and their accomplishments. We feel that they can make an even greater contribution to the attack on poverty

in both urban and rural areas -- and, at the same time -- serve the interests of farmers.

Before going into detail on the operation and results of our pilot food stamp program, I would like to briefly review the background of our direct distribution program for needy families.

This program utilizes foods which have been acquired under price support or under Section 32 surplus removal purchases. We make these commodities available in carload lots, shipping them to designated points in each State. The storage and distribution of the food, and certification of recipients, are the responsibility of each State, although the Department approves eligibility standards and reviews program operations.

In January 1961 -- in response to the first Executive Order issued by the late President Kennedy -- we expanded the program for needy families. For the winter months of 1961, the Department was then offering only five items to States -- flour, cornmeal, rice, dry milk and lard. We moved immediately to add butter, peanut butter, a canned meat item, dry beans, and dried eggs -- making a total of ten items.

Currently, a total of 15 items are available for needy families. In addition to the above commodities, we have added three cereal items -- rolled wheat, corn grits and bulgur. Cheese also is available and we have recently added a second meat item -- canned beef in natural juices.

In February and March of this year, 6.1 million needy persons were receiving these donated foods. April participation totaled 5.9 million -- reflecting the usual seasonal decline as employment opportunities increase in the spring of the year.

These Federal foods are also made available to school lunch programs and charitable institutions. This total donation and distribution mechanism also makes it possible -- in cooperation with State agencies -- to quickly move emergency food supplies into areas struck by natural disasters -- such as the recent floods in Montana, Nebraska, in the Ohio River Valley and the earthquake in Alaska.

This program for needy families is doing an enormous amount of good, but it has certain limitations.

First, there are a limited number of commodities which can be handled under the family donation program. Therefore, the program's effectiveness in providing a varied, well-balanced diet is restricted. This is particularly true in regard to perishable items -- fluid milk, fresh meats and poultry products, and fruits and vegetables -- regular parts of the daily diet all of us need and most Americans enjoy.

Second, the donation program makes it necessary to develop a separate distribution system operated by State and local governments. It is obviously wasteful to build a second large food distribution system if our highly efficient commercial system can be adapted to serve two purposes.

Third, as the family program has been expanded, it has become increasingly difficult for us and the States to administer. As the number of donated foods and the number of recipients has grown, it has become increasingly difficult to minimize the impact of these donations on regular retail food sales. This can have a serious impact on the local economy of some of our most depressed areas. It also requires increased expenditures on the part of these depressed areas to provide the necessary storage and distribution facilities and the personnel to properly supervise the program.

Finally, under the donation program, there is no practicable way of insuring that the Federal food donations actually result in a net increase in food consumption. In fact, there is evidence which indicates that these donations can significantly replace part of the family's previous food purchases -- especially in the cereal and low-cost products group. While this makes it possible for the family to divert some of its food money for badly needed nonfood items, it doesn't help the nutrition of the family or the farmer's market.

Recognizing these limitations in the family donation program -- and again at the request of the late President Kennedy -- we inaugurated a Pilot Food Stamp Program in mid-1961. After nearly three years of careful experimentation and study, we are convinced that the stamp program represents a better and more efficient means of channeling more of the abundance of American agriculture to families in economic need.

That is why I am here today in support of H.R. 10222, the House-approved food stamp bill. For further study by the Committee, I am submitting a section-by-section analysis of this bill.

The program authorized by H.R. 10222 has proved itself under a wide range of operating conditions. Its results, its acceptance, and its feasibility have been demonstrated over the past three years.

The food stamp approach was first tried out shortly before World War II. It was a good idea. It was highly popular. It helped increase food consumption, even though its design was unnecessarily complex. It was suspended in 1943 -- not because it was unworkable -- but because wartime conditions had greatly reduced unemployment and greatly increased demands upon U. S. food supplies.

In designing the current pilot program, we set about to retain the good features of the old plan while eliminating the unneeded complexities. We believe that we have accomplished that objective and the simplicity of the program's design has accounted for its effectiveness and widespread acceptance. Pilot projects are now operating in 40 counties and three large cities in 22 States. I am submitting for the record a table which lists these project areas, together with the dates on which each project was inaugurated. Participation reached its seasonal peak of 392,000 persons in March. Preliminary estimates for May place participation at about 370,000, reflecting the increase in spring employment opportunities.

The specific purpose of a stamp program is to increase the food-buying ability of families whose limited incomes do not permit them to buy all the food they need for minimum good nutrition. In doing this, we utilize the existing commercial distribution system.

To insure that the stamp program actually results in increased food purchases, participating families are required to purchase food coupons. The purchase price, which varies by families -- depending upon their size and income, is intended to approximate the amount of money they have been spending for food. A family exchanges the amount of money it has been spending for food for coupons of a higher monetary value, thus increasing its purchases of food in retail stores out of regular commercial stocks.

This basic principle -- that families have to continue to spend about as much for coupons as they had been spending for food - is the key to the food stamp approach. By this mechanism, we and the Congress, can be assured that the additional food purchasing power provided by the stamp program is actually used by the family to buy more and better food. As I have indicated earlier, there is no way -- under the family donation program -- that we can obtain such assurance.

The fact that the stamp program does not help a family save money on its food bills -- but only permits them to buy more food -- has been hard for many people to immediately accept. This is understandable because low-income families also have limited budgets for the whole range of their nonfood needs. But, if we are to preserve the food and agriculture objectives of the stamp program, and if the stamp program is not to replace

or lessen the need for general welfare programs -- this program principle must be continued.

Under section 10(d) of the bill States must agree not to reduce welfare assistance because of the stamp program. Also, under section 7(c), the value of the free coupons cannot be considered by local public welfare people as income to public assistance families in setting the level of assistance. In other words, welfare grants cannot be reduced because the Department of Agriculture is providing the family some Federal food assistance.

Under the pilot program -- and under the provisions of H.R. 10222 -- there is a high degree of Federal, State and local cooperation in the operation of the stamp program. This makes it possible to gear the program to the economic needs and circumstances of participating States, their political subdivisions, and their needy families.

Administration and day-to-day supervision of the program will be the responsibility of the State agency which administers the Federally aided public assistance program. That State agency must undertake the examination and certification of applicant households. It also must assume administrative responsibility for the issuance of the coupons but it may delegate the day-to-day operational responsibilities for coupon issuance to another State agency, if permitted by State law. In other words, while permitting States some practical operational flexibility,

the Department of Agriculture will be dealing with a single agency of the State.

Section 5 of the bill establishes a financial or income standard of eligibility to insure that participation is limited to needy households. It also provides that States will have an opportunity to adapt these income standards to their own situation -- provided they are based upon the income standards they use in providing assistance under their own welfare programs. This is the same policy that has been successfully used in our direct distribution program.

Once its eligibility has been determined, the household regularly invests part of its own money in the program -- in an amount that approximates its regular expenditures for food. In return, it receives an allotment of coupons of a higher monetary value -- so that it is able to buy more and better food.

Under the pilot program, these coupons are used -- like cash -- to purchase all but a few imported foods at retail stores. The excluded foods have been: coffee, tea, cocoa, bananas, and any packaged food which is identified on the label as being imported from foreign sources.

The coupons used in the pilot program are not the "postage-like" stamps used under the old stamp plan or in the World War II rationing program. They were designed and printed by the Bureau of Engraving and

Printing, after consultation with the American Banking Association, the Secret Service, and the Federal Reserve System. They are slightly smaller than a dollar bill and can be processed by existing mechanical counting machines designed for our paper currency. They are issued in 50-cent and two-dollar denominations.

The retailer handles the coupons like currency or other commercial paper. He redeems the coupons at his local bank. The bank, in turn, is reimbursed by the Federal Reserve System. The System, in turn, draws upon a separate account maintained in the U. S. Treasury.

These three features of the pilot program -- the limited list of excluded food items, the design of the coupons, and the use of the commercial banking system for the redemption of coupons -- have greatly simplified the operation of the program at the retail level. They have been universally accepted and applauded by food trade groups.

Our studies of the pilot operations have shown impressive results.

--- Participating families made significant increases in their purchase and use of food when they transferred from the direct distribution to the stamp program.

--- Livestock products and fruits and vegetables, alone, accounted for more than 80 percent of these gains in consumption, even

though the only restrictions placed on purchases with food coupons was a limited list of imported foods.

- Diets were improved. Between 40 and 50 percent of the food stamp families had diets that meet recommended allowances in all respect in the two areas where studies were made. Only one-fourth of the families had good diets under direct distribution.
- Retail food store sales increased by 8 percent. Sales gains were reported for all sizes of stores from the very small ones to the largest.
- The over-all economy of the community has benefited as the stamp program has put new money into the area. We have numerous illustrations in our files from small retailers who have reported that they would have been forced to close down without the new business the stamp program brought. Others have indicated they have had to hire more help. Business groups and local officials have indicated that the program has given the entire community a needed economic boost.

--- Favorable reactions to the program were reported in a study of attitudes. These favorable reactions were obtained from moderate and higher-income families as well as from families who were eligible for the program. Welfare workers indicated that they felt the program was an effective way to increase the food purchases of low-income families.

I should like to especially comment upon two program areas in which we feel there has been some misunderstanding.

First, it has been said that families with little or no income cannot participate in the stamp program because of the coupon purchase requirement. Such families are not excluded. The purchase requirement is geared to the family's current income and such families are receiving coupons free or at a "token" price.

Second, it has been said that the stamp program doesn't help the surplus problem.

The results of our study in Detroit indicate that the stamp program is a better approach.

Take grain, for example:

Detroit food stamp families slightly increased their direct consumption of cereal products under the stamp program, even though they had previously been receiving four donated cereal items under direct distribution. More importantly, they substantially increased their indirect use of grains because of the gains in the consumption of livestock products. Overall, there was a 24 percent increase in grain utilization when these families moved from the direct donation to the stamp program.

These Detroit families also made significant increases in their use of fresh meats, poultry, shell eggs, fluid milk, and fruits and vegetables. Thus, outlets were increased -- even though the method involved used commercial distribution channels.

We were able, also, to use this Detroit study to measure the program's potential impact on farm income. And the results indicated that the stamp program would be more effective in raising farm income than is the present donation program.

The donation of cereal products to low-income families generally results in very little net increase in cereal consumption. Traditionally, these are the items that are heavily used by such families. When we give them flour, they tend to use it in place of the flour they normally would purchase. The money so released may then be used to buy other foods or -- more probably -- to increase expenditures for nonfood items.

Finally, I want to bring to your attention a serious operating problem which we believe the present language of H.R. 10222 will present to our Department, to cooperating retailers, and to participating families. It concerns the amended definition of "food" contained in section 3 (b) of the bill.

Based upon our experience under the pilot operation, it was the recommendation of our Department that only competitive, packaged and labeled imported items be excluded from the stamp program -- such items as imported canned meats and cheeses, etc. The exclusion of non-competitive beverages -- coffee, cocoa and tea, for example, had proved to be an irritant to needy aging and to mothers who could not understand

why they could not buy bananas for their children. Moreover, the studies of our research agencies indicated that, at most, only 2 to 3 percent of the Federally financed free coupons would be used for these four items.

The House-approved bill, nonetheless, has expanded the list of ineligible foods. It requires cooperating grocers to also exclude "luxury foods and luxury frozen foods." We do not believe such a legislative requirement is necessary nor capable of enforcement.

Under the stamp program, it has been our objective to not only increase the food purchasing power of low-income families but also -- with the help of existing nutrition education agencies such as our Extension Service -- to assist them to use these extra food dollars wisely for improved nutrition. We want them to upgrade their diets -- to move out of a low-cost cereal diet towards more livestock products and more fruits and vegetables.

We have been accomplishing our objective. Our studies of the pilot operation indicate that food stamp families concentrated their purchases on good basic foods. Fruit and vegetable purchases largely were accounted for by seasonally abundant fresh items -- apples, assorted citrus fruits, potatoes, greens, tomatoes and cabbage. Among the dairy products, fluid milk, evaporated milk, dry milk and cottage cheese accounted for 90 percent of the value of their consumption.

In the light of the above, a specific legislative mandate to define what is -- and what is not -- a luxury food would entail a costly and unworkable requirement for the Department of Agriculture and cooperating retailers.

In fairness to cooperating retailers, we could not approach this matter of luxury foods on the basis of broad food categories. He--and his cashiers at the check-out counter--must have a specific list of excluded food items because the sale of ineligible items would place him in violation of the program.

Retailers have recorded a remarkably good record of compliance under the pilot program--only 73 of the over 14,000 participating stores have been found in violation. In part, this excellent record has been due to our efforts to thoroughly acquaint retailers with program requirements. In part, the limited list of excluded foods has made it practical for the store owner to make sure his check-out employees understood the restrictions on the use of the coupons.

The typical supermarket may stock from six to eight thousand individual items. It might carry nearly 300 meat items and 68 different kinds of salad dressing and mayonnaise! He must know exactly what items he can and cannot sell for coupons. This matter of a detailed list of excluded foods was a principal weakness of the 1939-43 stamp plan. The designation of those individual food items that could be purchased with the free blue stamps became so complicated--and changed so frequently--that grocers found it virtually impossible to be sure that their employees understood and complied with this requirement.

As Secretary of Agriculture, I feel it would be damaging to the interest of American agriculture to systematically publish a list of luxury foods for food stamp purposes--even if a workable standard for making such determinations could be devised. Despite any explanation we might make, I believe the list would be unfairly used by some groups as an official Department of Agriculture designation of those foods that were overpriced in the marketplace.

Finally, there is the matter of developing a workable standard for defining specific luxury foods.

We have, for example, explored the possibility of eliminating all "convenience" foods. By this, I mean foods which have been partly or entirely prepared for serving in the marketing process and which have a fresh or home-prepared counterpart--for example, cake mixes, dehydrated potatoes, frozen lima beans, or canned orange juice. But a Department study, 1/ a copy of which I am making available to committee members, appears to rule out this approach. Many convenience items--even if no valuation is placed upon the homemaker's preparation time--represent a better buy for the consumer than do their counterparts in fresh or home-prepared form.

A price standard presents equally difficult problems. Certain cuts of meat could be considered a luxury for the low-income family. But, if these cuts came from utility or commercial grades, they might represent better buys than "economical" cuts from choice and prime beef. Equally serious problems would be encountered in defining "luxury" and "non-luxury" items in canned fruits and vegetables lines.

Seasonality is another factor. Fresh citrus or strawberries in the months of peak supply, could represent a good economical source of Vitamin C. At other times, they might well be considered a luxury item when compared to other foods that are a good source of Vitamin C.

1/ Comparative Costs to Consumers of Convenience Foods and Home Prepared Foods, Marketing Research Report No. 609, Economic Research Service, USDA.

It is my recommendation that we return to the definition of food that was originally proposed. "Food" means any food or food product for human consumption except alcoholic beverages, tobacco and those foods which are identified on the package as being imported from foreign sources.

This country can and does produce more than enough food to meet the dietary needs of every man, woman, and child. The stamp program represents our continuing search to find more effective ways to utilize this food abundance in the national interest. The program has proved itself in our 3 years of careful evaluation.

I urge enactment of H.R. 10222, with the revision we have recommended.

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u23, 1964 I am indeed glad to be back today in the company of my old friend and associate E. T. York, who did such a splendid job for the entire country as head of the Federal Extension Service. Having been on your campus now for a little while, I find it easier to understand why he was so willing -- or should I say, eager -- to leave the bureaucratic confines of Washington to return to his native South.

And I am pleased and honored to participate in one of the greatest gatherings of agricultural leadership ever assembled in this State.

For a long time now I have been impressed with the spirit of dynamic growth in Florida agriculture. You have perhaps the greatest variety of agricultural products of any State in the Union. You share in the production of the traditional basic crops of the old South; you are taking part in the great expansion of livestock production in the Southeast -- and you have the unique climatic advantages that are the basis for the specialty crops led, of course, by your great and ever-growing citrus industry.

You serve the national market, but you also serve one of the fastest-growing local markets right here in Florida. The population growth of this State alone is enough to provide a tremendous stimulus to the growth of a diversified agriculture.

Address by Secretary of Agriculture Orville L. Freeman at the last of a series of conferences on Developing Agricultural Resources Effectively at the University of Florida, Gainesville, Florida, Tuesday, June 23, 1964, 12:30 p.m., EST

The growth you have enjoyed is the product of a long and enduring partnership between Federal and State governments -- between people in the Department and people on the land here. Some people speak of the Federal government as though it were a foreign power...but I know it only as you do; as the means to insure your crops against hail or frost; as the source of research which enables you to transport crops more economically or to reduce loss in handling and processing; as the only means by which your surplus can be shared effectively with those whose income cannot provide them an adequate diet, as the means by which a sugar industry can grow here with some assurance of stability; or as the arbiter which prevents unfair competition.

These are the real elements of the Federal government. They are services to people...to those like yourself, and to those you yourself serve. I am proud to be part of that kind of structure, for without it we could not have come as far as we have nor can we progress as far as we can hope.

This spirit of service...of partnership...has enabled agriculture down through the years to meet every challenge. We have conquered scarcity. We have opened the door to a Great Society...and in doing so we have placed before the leadership of agriculture, in Florida as everywhere, a greater challenge than we have ever before known.

This is the challenge of abundance. We most commonly describe it in terms of adjusting to changing conditions. But it is this, and more...much more.

(More)

Agriculture is changing so swiftly that even those who have spent a lifetime studying the trends of rural America can't keep up with what is taking place. Few people recognize that technology, science and mechanization have had an even sharper effect on agriculture than automation does on industry. Production per man hour on the farm has almost doubled since 1950, far exceeding the increase per worker in industry. Fewer and fewer people on less land produce more and more food and fiber each year. It is simply a statement of fact to say that we can produce more than we can use, and incredibly, more than we can efficiently share at home and abroad.

The future of the farmer depends on what he does with such abundance. But the farmer doesn't stand alone. He must convince the 11 out of 12 Americans who are not farmers that they too have a vital stake in the answers to the challenge of living with super abundance.

That effort should begin, I believe, by seeking to make it clear to all that as a people we have been approaching the problem of abundance in agriculture as though it had only one dimension. Actually, it has three dimensions.

Public efforts to solve agriculture's problem until very recently have focused on the commercial ills -- on commodity programs. But there are two other approaches that must be part of a complete effort to deal with the problems of rural America and the people who live there.

(More)

Let me emphasize at this point that the responsibility of agricultural leadership today, leadership such as is gathered in this room, is not just for agriculture -- not just for cattle, or citrus, or corn, or peanuts or any commodity -- but rather for the quality of life in rural America in all its aspects. The leadership, in creating the good life in the American countryside, an essential part of the Great Society President Johnson so eloquently describes, must come from the leading citizens of rural communities. And the good life which makes a Great Society is, when all is said, the object of society and government.

The three approaches which together make up the three dimensional program for agriculture can be called the three C's.

1. Commodity programs I have mentioned.

2. Consumer programs, which serve those who use food and fiber as well as those who produce it. The sharing of food with the needy at home together with broad programs of trade and aid overseas are phases of this dimension which seek a wide avenue on which to move the abundant productivity of the farm into fuller use.

3. Community programs, which are vital to the full development of opportunity in rural America.

You have been discussing at length in this conference the commodity problems of Florida agriculture. I want to focus my talk today on one of the other C's -- the community programs.

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When I became Secretary of Agriculture in 1961, it became clearer with every day I spent in my new office that problems of rural America are far deeper than can be solved by the traditional price support programs and other commodity programs, even when accompanied by market-building consumer programs.

Even if the prices of farm products were what they ought to be -- which they are not -- and the farmer were to have a parity of bargaining power in the marketing place -- which he does not -- there would still be the deep seated ills of rural poverty. There would still be millions of people backed up on hopelessly inadequate farms without any real economic opportunity either in agriculture or elsewhere. Levels of education, and opportunities for young people growing up in rural America, would still be inferior to opportunities in the cities and their suburbs. Public services of all kinds would still lag behind those in urban areas. The wages and fringe benefits of farm laborers, including migrants, would still lag far behind those of industrial workers in the cities. The problem of depopulation of the countryside would still be with us.

This being the case it was determined as far back as 1960 that the perspective of the Department of Agriculture -- and, for that matter, the other institutions and organizations associated with agriculture -- needed to be broadened so that all of the community problems of rural America, as well as the economic problems of particular groups of producers, would become matters of intensive concern and attention.

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This does not mean that we in the Department have downgraded our commodity programs or our consumer programs. Far from it -- we have energetically sought to improve and extend them. So long as American agriculture is able to easily produce far more than we can sell for dollars or share at home and abroad, we will need commodity programs. We need a reasonable balance between supply and demand in the market place; otherwise we will produce only economic chaos and could easily destroy the agricultural institutions which are the solid foundation for our national prosperity.

However, as this important work goes forward, we also have placed emphasis upon the third C -- the community programs.

We had much to build upon, of course. The Extension Service, and particularly the Home Demonstration agents, have for years concerned themselves with a great deal more than just the production of crops and livestock. The 4-H movement trains for citizenship in the broad sense. The Experiment Stations have conducted penetrating research in rural sociology and rural life in general. And in the preceding administration, pilot counties had been designated in each State for experimentation in rural development planning.

So the beginnings were there. Building upon them, we undertook to encourage and stimulate a concerted, nationwide effort to improve rural community life in all its aspects, using the varied resources of the Department of Agriculture -- and, I must add, reorienting many of those resources -- for the purpose. This effort we have called "Rural Areas Development," or RAD for short.

But note that I used the words "encourage" and "stimulate" to describe the role of the Department of Agriculture. We do not conceive of Rural Areas Development as a Department of Agriculture program, or even a governmental program at all.

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It is a people's program, undertaken by the people of rural America through locally-organized and locally-led citizen groups, with Federal and State governments and State educational institutions providing support and assistance as may be appropriate.

The RAD movement is so decentralized that while we in Washington speak of Rural Areas Development or "RAD" as a useful shorthand phrase, the committees actually engaged in the rural development effort of which we speak may carry other names -- county development councils, resource development committees, or something similar. Many have dropped the word "rural," and rural development is in many places blended with urban development.

But whatever the terminology that may be used, or the exact form of organization, the response to the idea has been enormous. And that is the important thing. Today, community development groups are organized in 2,117 counties in the United States, and over more than two-thirds of rural America. More than 100,000 people are participating on committees and subcommittees concerned with one or another phase of resource development.

Some of these community groups, including some in the State of Florida, have proved to be the most dynamic force ever formed in those counties for community betterment. Nationwide, the 100,000 participants have been working on 16,000 separate specific projects, of which 7,715 have been completed.

This series of conferences for Developing Agricultural Resources Effectively -- to DARE to plan go grow -- are a commendable response to the new challenges which face agriculture and the rural community. They present an excellent opportunity to learn and to understand how better to assist the community and State as it seeks to progress.

Today I want to use this forum here in Florida to call upon these community groups, these 100,000 leaders of rural America and as many more as can be recruited, to enter upon a new and exciting aspect of community development -- and that is to organize and lead the war on poverty in the rural regions of this Nation.

Fifty or a hundred years ago, we could not talk seriously of eradicating poverty from this land of ours. But today we can. We have the resources to do it. We have the productive capacity. All that we need are the commitment and the leadership that President Johnson has called for in every community from coast to coast.

These I am confident we will have also. But we must act quickly.

Up to this time, the rural development councils or committees, under whatever name may be employed in each locality, have concentrated their energies upon economic development -- upon creation of new industry, new agricultural enterprises, development of recreation, development of water and timber resources, improvement of public facilities needed for economic growth, and related activities which come under the general heading of "economic."

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Our Federal programs to assist community development have had the same emphasis. The Area Redevelopment Act, the loan programs of the Farmers Home Administration, the water development programs of the Soil Conservation Service and the Corps of Engineers, the aids to farmers to convert cropland into recreation enterprises, the Accelerated Public Works Act -- all have been devised to assist communities to improve their economic base.

This is all to the good. We cannot launch a successful attack on poverty in the United States without healthy economic growth in all our communities.

But economic growth in itself is not enough. This country has grown in the last quarter century, from a \$200 billion to a \$300 billion to a \$400 billion to a \$500 billion to a \$600 billion economy, but during all this time there has been a layer of people at the bottom of the economic pyramid who have received virtually no benefit from all this growth. There are 9 million families in this country who subsist on less than \$3,000 a year -- \$60 a week -- and the number is declining very slowly.

These are the people whom prosperity has passed by. We literally pass these people by as we fly high across the Nation or drive along the super highway. They are in the hills and hollows and back country. They are the neighbors we do not see. Prosperity will continue to pass them by until we organize, in every community in the United States, to give them an opportunity to get a share, through their own work and effort, of the blessings of our American economy and our American way of life.

That is what the war on poverty is about. That is the challenge that lies ahead of us.

Who then are these families?

Negroes have more than their share of poverty, as we all know, yet 4 out of 5 of America's poor are white.

The South has more than its share of poverty, also, but most of America's poor families do not live in the South.

Rural areas have more than their share of poverty, but more of America's poor families are urban than rural.

What I am illustrating is that while poor people tend to live in concentrated "pockets of poverty", those pockets are scattered all across the face of our land. It is the responsibility of each community to search out these pockets, identify its poor, analyze the causes of their poverty, and devise the measures that will help remove those causes.

And we must begin with the children and young people, who must be given the opportunity to break out of the cycle of inherited poverty into which they were born, so that they in turn will not transmit their poverty to still another generation.

The Government in Washington cannot win the war on poverty. We are only the headquarters behind the lines. We can plan the strategy, we

can be an intelligence center, and we can allocate the resources. But the war will not be won until the foot soldiers on the front lines -- like the Marines who storm the beach -- envelop the enemy and finally bring him down.

In the war on poverty, the front line soldiers are the community and neighborhood leaders. The struggle will not be won until they win it -- until you win it -- in each city, in each rural county, in each block, in each village, in each hamlet.

That is the challenge which now lies ahead of the leadership of both urban and rural America. It is a challenge that is at once exciting, and inspiring, and ennobling.

This week, or next, I am sure, the House of Representatives will pass a bill, popularly called the anti-poverty bill, proposed by President Johnson and sponsored by Congressman Phil Landrum of Georgia, which will pledge America to this new crusade. Within a few days, or a few weeks at most, the Senate will have done likewise. Soon that historic bill will be on President Johnson's desk for signature. For the first year, once it is the law of the land, something like \$1 billion will be authorized for a whole series of related measures.

More important than any of the specific measures, however, is the opening language of the bill, which is a solemn commitment by the Nation, expressed through the Congress, to "eliminate the paradox of

poverty in the midst of plenty in the United States". This will be the formal declaration of war for which the country has been waiting. But it is not too early now for us to begin planning, in each community, so that we are ready to go. As I learned years ago in the Marine Corps, when the landing ramp goes down we must be ready to storm the beachhead without a moment's hesitation.

It is the President's fervent hope, and that of everyone around him, that this national undertaking will not get involved in this year's political campaign. It is purely accidental that the Economic Opportunity Act is before the Congress at this particular moment, just before the political conventions. The idea began to take shape last summer, and it has taken the normal number of months to mature into a concrete legislative proposal.

Perhaps the timing is unfortunate. But, to paraphrase Senator Dirksen's undeniable argument for the Civil Rights Bill: "There is no force in the world strong enough to stop an idea whose time has come." And this is an idea whose time has come.

I will not take the time here to outline the specific measures that are contained in the Economic Opportunity Act. I simply want to make one all-important point: The heart of the Act, and the heart of the entire concept, is what is called the "Community Action Program" to strike at the roots of poverty by providing fuller opportunity for the development,

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among people who would otherwise be poor, of the talents, skills, and attitudes that will enable them to earn a decent living in today's complex economy. The Community Action Program is to be prepared by a Community Action Organization, preferably one which is broadly representative of the whole community. The elements of this program, if they are soundly-conceived to get at the root causes of poverty, become eligible for part of the \$1 billion of which I spoke.

Many of the cities of America have Community Action Organizations in being, right now, working out eligible programs in anticipation of the passage of this act. I have nothing against cities, but as the advocate of agriculture and of rural America I believe it to be imperative that a great many of our rural communities be equally ready with concrete plans for the first phase of the action. So the burden is passed back to you. I ask you to study the act, go back to your rural development committees or whatever other organizations may be appropriate to participate, and counsel and plan and organize. There is no time to lose.

President Johnson put the challenge in these words recently in describing his vision of the Great Society:

"The challenge of the next half century is whether we have the wisdom to use the wealth to enrich and elevate our national life -- and to advance the quality of American civilization."

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The age of abundance we are entering, assures us that we will not lack the material resources to meet the changing needs of people in their communities. The question we have yet to answer is whether we possess the conviction and stamina to make the commitment...to recognize that if we have the will, we can achieve new dimensions of a life and society greater than ever before.

It is a choice which each person in every community will make. The alternatives are clear -- we can utilize the resources of mind and material for the great, constructive jobs that demand attention, or we will not use them at all.

The vision which you bring to your community...the understanding of the problems and potential of abundance which you create...will be decisive.

The Great Society is in your hands...and the hands of thousands of Americans like yourself.

Let us then go out and demonstrate to ourselves and prove to the world that we have the capacity and wisdom...that democracy can achieve the fruits of abundance that science and technology now offer to all mankind.

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U. S. Department of Agriculture
Office of the Secretary

OCT 19 1964

23, 1964
Secretary of Agriculture Orville L. Freeman urged today that rural communities give a high priority to health, education, family welfare, and other programs aimed at the development of human resources.

Speaking at a conference on Developing Agricultural Resources Effectively, at the University of Florida, the Secretary said that up to now most community development programs have concentrated on the development of economic and natural resources. "This is all to the good," he said.

Nevertheless, he pointed out, there are about 9 million families who have benefited very little from the Nation's economic advancement, and in the future communities must organize to help these families "to get a share, through their own work and effort, of the blessings of our American economy and our American way of life. That is what the war against poverty is all about."

Secretary Freeman pointed out that rural development committees have concentrated their energies upon economic development -- upon creation of new industry, new agricultural enterprises, recreation, water and timber resources, and other economic measures. "Our Federal programs to assist community development have had the same emphasis."

While these efforts are essential to a successful attack on poverty, "economic growth is not enough," he emphasized. "This country has grown in the last quarter century, from a \$200 billion to \$300 billion to a \$400 billion to a \$500 billion to a \$600 billion economy, but during all this time there has been a layer of people at the bottom of the economic pyramid who have received virtually no benefit from all this growth."

Summary of remarks by Secretary of Agriculture Orville L. Freeman at one of a series of conferences on Developing Agricultural Resources Effectively, University of Florida, Gainesville, Fla., Tuesday, June 23, 1964, 12:30 p.m. (EST).

The Secretary said that prosperity will continue to pass these people by until every community organizes to help them.

"Who then are these families?

"Negroes have more than their share of poverty, as we all know, yet 4 out of 5 of America's poor are white.

"The South has more than its share of poverty, also, but most of America's poor families do not live in the South.

"Rural areas have more than their share of poverty, but more of America's poor families are urban than rural.

"What I am illustrating is that while poor people tend to live in concentrated 'pockets of poverty,' those pockets are scattered all across the face of our land. It is the responsibility of each community to search out these pockets, identify its poor, analyze the causes of their poverty, and devise the measures that will help remove those causes.

"And we must begin with the children and young people, who must be given the opportunity to break out of the cycle of inherited poverty into which they were born, so that they in turn will not transmit their poverty to still another generation."

Secretary Freeman emphasized that the Federal Government cannot win the war on poverty. "In the war on poverty, the front line soldiers are the community and neighborhood leaders. The struggle will not be won until they win it -- until you win it -- in each city, in each rural county, in each block, in each village, in each hamlet."

The Secretary predicted that the House of Representatives will pass the Economic Opportunity Act -- popularly called the anti-poverty bill -- this week or next, and that the Senate would also enact the new legislation within a short time. Once it becomes law, about \$1 billion will be authorized for a whole series of related measures.

Secretary Freeman said that in order to be eligible for part of the \$1 billion to be appropriated, a community must have a soundly-conceived 'Community Action Program' sponsored by an organization that is widely representative of its citizens. He said that many cities already have Community Action Organizations working out eligible programs in anticipation of the Act's passage.

"I believe it to be imperative that a great many of our rural communities be equally ready with concrete plans for the first phase of the action. So the burden is passed back to you. I ask you to study the act, go back to your rural development committees or whatever other organizations may be appropriate to participate, and counsel and plan and organize."

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U. S. Department of Agriculture
Office of the Secretary

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It is a pleasure to be here today in Sikeston for the annual meeting of your cooperative.

My interest in rural electric cooperatives -- and in all kinds of farmer cooperatives, for that matter -- goes back a good many years.

I know from personal experience that cooperatives are helpful organizations to farmers and to other rural people. They have done much to build the system of family farming which we prize. Rural electric cooperatives, such as yours, have helped make possible the miracle of abundance of American agriculture -- while they also enabled many farm families throughout the Nation to live as conveniently as do families in the city.

The policy of the Department of Agriculture to promote the growth of cooperatives is set forth in an Act of the Congress; we intend to help strengthen cooperatives so they in turn can continue to help farmers to maintain and improve the income of their families and the strength of our Nation.

Cooperatives are private businesses. They help provide the "muscle in the market place" which farmers generally lack in a market that is organized and strongly disciplined. Active, aggressive and well-managed cooperatives stimulate the economy of the community and area they serve just as any active, aggressive and well-managed business contributes to the general prosperity.

Address by Secretary of Agriculture Orville L. Freeman at the annual meeting of the Scott-New Madrid-Mississippi Rural Electric Cooperative, Sikeston, Missouri, Friday, June 26, 1964, 1:00 p.m., (CST).

Aggressive management in corporate and cooperative business, combined with realistic economic policies of government, have made possible economic miracles in this great country of ours. In the past three and a half years we have moved from a recession into the longest and strongest peacetime expansion of the century, and we have done it with a remarkable record of price stability.

....We have had the largest tax cut in history, pumping some \$10 billion into the economy.

....Our unemployment is down to the lowest point in 7 years.

....Employment is at a record 71.7 million.

....Our Gross National Product has increased 22 percent in 3 years.

....Industrial production is up 25 percent since 1960.

....Disposable personal income is up 18 percent, corporate profits before taxes are up 45 percent, wages and salaries are up 19 percent.

....Net income per farm was up an average 16 percent in 1963, or almost \$375, over 1960, farmers over the past three years have earned \$8 billion more in gross income and \$2 billion in net income than if 1960 prices and income had prevailed.

This, incidentally, has meant 200,000 new jobs in stores and factories throughout the land.

These gains have come because of policies designed to encourage a growing economy.

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I am proud to have had a part in framing the policies that have made this possible.

But this progress, as good as it is, only begins to meet the needs of the American people. There is much that remains to be done.

Despite the 16 percent increase in net income per farm since 1960, the average income of people engaged in farming still is only 60 percent of that received by individuals who are not farmers.

The cost-price squeeze, despite a record of comparative price stability under this Administration, continues to plague many farmers; they find the prices they get for the abundance they produce don't keep pace with the prices of the things they must buy.

Poverty remains a way of life for too many people in rural as well as in urban areas. Levels of education, and opportunities for young people growing up in rural America, are still far behind the opportunities available to most cities and suburbs. Public services in rural communities still lag behind those in urban areas. Wages and fringe benefits of farm laborers, including migrants, are far below those of industrial workers in the city.

Thus, the progress we have made in recent years only sharpens the contrast between what we have accomplished and what remains to be accomplished. It sharpens my awareness that we have the capacity to insure that a child born in rural America can have the same opportunity in today's world as a child born in the cities and urban areas.

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The challenge I see as Secretary of Agriculture is that life in the country should match the city in opportunity and gracious living. I want to share this challenge with you today. I want to share with you, if I can, some of the excitement, some of the suspense of attempting to translate the promise of abundance into opportunity for a better life. The REA cooperatives have played a major part in bringing about the great productive revolution we are witnessing today on the farm. Now I ask you to continue your leadership so all our people can enjoy its fruits.

We are able today with fewer people on fewer farms to produce more food and fiber than ever before. The average family today spends less of its income on food than at any time in history -- less than do any other people. Each year we share three-fourths of a billion dollars worth of food at home, and nearly two billion dollars worth with other people in the world through the Food for Peace program. We export over 9 billion dollars worth for cash. And we still do not use 25 percent of our capacity in agriculture. This is truly a revolution of abundance.

Some people tell me that agriculture is out of step with the rest of the economy. They are right in what they sense, but their analysis is wrong. Agriculture has been dealing with the challenge of abundance for more than a decade, a challenge that only now is beginning to be felt more generally throughout the rest of the economy. Agriculture has not been out of step, it has been a pace ahead of the rest of our economy.

Through agriculture, we are becoming aware that for the first time in history it is physically possible to produce enough food and enough of the material goods not just for a few but for every person. It is

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physically possible to produce this abundance with fewer farmers...fewer workers...and more machines...and more power. This then is the potential for abundance made possible by technology and mechanization on the farm and automation in the factory.

President Johnson eloquently describes the challenge of this revolution of abundance as the opportunity to reach out to the Great Society. In Michigan recently he said, "The challenge of the next half century is whether we have the wisdom to use our wealth to enrich and elevate our national life -- and to advance the quality of American civilization." On another occasion he contrasted the great depression with the times we live in now with these words -- "Franklin Roosevelt fought fear -- now we seek to realize promise."

All this is a special challenge to you and to me, for agriculture has progressed further beyond the abundance barrier than any other segment of our society. Agriculture is the No. 1 success story of our tremendously successful free enterprise system.

Yet, as in the face of any great challenge, people are fearful.

Some are farmers who have seen prices drop as production soared, and watched as neighboring farms disappeared. Some are workers who have seen machines replace jobs at the next bench, or in nearby factories. Some are people who have known only discrimination, and the poverty and despair it brings. Some are people who, born into poverty, know their children also are cut off from prosperity.

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These people have real fears -- and for just one reason; they fear because we have failed, thus far, to take full advantage of the greatest opportunity mankind has ever seen.

The revolution of abundance has released hundreds of millions of man-hours of talent and effort which are no longer needed for the sheer physical production of the necessities of life.

If machines are taking over the drudgery, the question becomes what is there left for human brains and human hearts and human hands to do? The answer, of course, is to use them for the work...the endless work that remains undone because until now we have had neither the time nor the capacity to begin.

If we are to provide every child an equal opportunity to develop his talents to the fullest, we should be using -- over the next few years -- fully a million more people in the field of education. Here is America's greatest growth industry.

If the health needs of our people were to be fully met, in every region and in every home, hundreds of thousands more people would be employed.

If we can redirect the liberated energies of our people into the rebuilding and revitalizing of sick and dying communities, the manpower that can be used will be almost limitless.

If we undertake the conservation task which is required to preserve and renew the land and water and air for future generations, millions of man-hours will be required.

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Let me assure you that this massive reallocation of manpower is not just idle daydreaming. The alternative in this new world of abundance to using our resources of manpower for the great constructive jobs that demand attention is not to use them at all. And our society cannot rest upon a base of idle, unemployed, despairing people...of man-hours reflected in unemployment, in farm income too low because there is not enough land to fully use the farmer's time, in frustration and in privation.

It is a happy choice to make. But it is not an easy one to carry out.

It is a choice which you and every person in rural America today will make...and it will be up to you and to the people in your community to carry it out.

The Great Society...the attainment of the new dimension in the life of our society...will come not as a sweeping wave leaving only prosperity in its wake, but as a gradual building of momentum from a thousand and one projects in community after community throughout the land.

This cannot be done from Washington...the commitment and energy must come from the people in their own community.

I cannot begin to describe all the opportunities which are open. There are today over 100,000 people in communities throughout rural America who are actively participating in over 16,000 community development projects. And rural electric co-ops are in the vanguard of many of these groups.

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We have, in Washington, sought to focus the technical and financial resources of the Department to stimulate and encourage this nationwide effort to improve rural community life...an effort we have called Rural Areas Development, or RAD for short.

This is a people's program undertaken by the people of rural America with the assistance of Federal and State governments and of State educational institutions.

Let me describe just one aspect of this effort -- specifically those programs to encourage the development of recreation as a new income source for the family farm and the rural community. If it seems strange to consider recreation a cash crop, then I think we should look back 30 years when it was first suggested that soybeans would become a major source of farm income. It took three generations to prove the point, a time span which will be much shorter for recreation. Recreation, like soybeans, is a product of the land with a two-way stretch -- it brings income to the farmer and serves a growing public need.

Let me explain why. More than one hundred million Americans will take to the open highway this year in search of ways to use their leisure. Many will take to the road again and again...on weekends, on holidays, on vacations.

Yet there is a striking contrast between the urban demand for outdoor recreation and the limited facilities available to urban people. Most publicly-owned recreation areas are located where the people are not. One-sixth of it is in Alaska. More than 70 percent of the remainder is in the West, where only 15 percent of our people live.

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Studies show that on the average, Americans will travel only about 35 miles to reach a recreation spot for a one-day outing...and about 150 miles round trip for a weekend. Even on vacations, one out of two will seek recreation areas only one to two days from home.

Some rural electric cooperatives have recognized the value of supplying this growing public need. Rural recreation facilities mean higher income for the farmer. Frequently they mean more local jobs. And both lead to higher power use, and more power sales.

Rural recreation makes sense to many REA borrowers...so much so they are assuming leadership in local rural area development.

In Hawkins County, Tennessee, the local electric cooperative is lending a hand to local people in developing a large recreational facility called Poor Valley Park. Two other projects on private farms are finished. One farmer, using engineering assistance from the co-op, built a dam on his property to make a pond, and now he charges admission to duck hunters. Another farmer uses pasture land for a golf course, swimming pool and club house.

In Pennsylvania, the Valley Rural Electric Cooperative, at Huntingdon, obtained an REA Section 5 loan for \$110,000 last year to finance electrical equipment for a new ski resort. During its first season last winter, the resort attracted skiers from all over the East. When the resort first opened, it created new jobs for 100 people. Nearby motels and other service industries reported much new business.

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Here in Missouri, near Branson, the local electric cooperative has helped furnish information to process two Area Redevelopment Administration loans for resorts on Table Rock Lake. Both loans have been approved.

Near Carlinville, Illinois, the rural electric system helped develop a recreational facility for a local church group.

This illustrates a trend that shows promise of getting bigger every year. We have just completed a survey of the use of private lands for recreation by various organizations. More than 51,800 organized groups in this country, with a total of 8.9 million members, already are leasing or have permits to use some 39 million acres of privately-owned land for outdoor recreation.

The survey results offer ample evidence that the use of private lands for outdoor recreational developments represents a far bigger enterprise than most people suspect. The advances already made are startling. The opportunities for future development appear to be tremendous.

During the past two years, an estimated 18,000 individual land owners and operators in the United States installed one or more income-producing recreational enterprises for profit. These facilities are available to the public on a fee basis.

Frankly, I am excited about the potential of this new cash crop in the United States. The Department of Agriculture stands ready to assist farmers and other rural people interested in recreational development in a variety of ways.

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Farmers Home Administration can provide farm ownership and operating loans for the development of on-the-farm, income-producing recreation facilities. FHA also has the authority to make association-type loans to rural groups for community recreation projects. And believe it or not, some of the most successful have been golf courses.

The Soil Conservation Service also can lend a hand to individuals and groups seeking help with recreational facilities. First, SCS can provide technical assistance. And through its Small Watershed Program, it can provide both technical and financial aid to local sponsors for the development of water projects for agricultural, municipal, wildlife and recreational purposes.

The Cropland Conversion Program, which is still in the pilot stage, combines grants and loans to farmers to help them convert their land to recreation.

These are some of the ways in which USDA can help. The State Land Grant Colleges also can prove of invaluable assistance. The University of Missouri, for example, has published an excellent study of the income potential of various kinds of farm recreational enterprises in your State. These and many other similar studies are available for the asking.

Recreation will, of course, never be a cure-all for the ills of rural America. But it does offer one way to make better use of the land and water resources -- better for the farmer who can earn more from his land...and better for city people who find outdoor recreation opportunities more scarce and more necessary.

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It is but one of many kinds of projects that can add to the strength of the community, all of which can provide a better choice for those who must decide whether to live on an inadequate income from farming or move to the city where their skills may be of no value.

It provides a means by which we can insure that the land will be available for the enjoyment of people...to sustain the appetite of their soul as well as the hunger of their stomach.

Such recreation projects, together with hundreds of other activities to improve education, to create new jobs, to bring water and sewage and other needed community services, to provide medical services, will show that the rural community seeks vigorously to realize the promise of abundance to enjoy the fruits of the Great Society.

And in the process, we can bring new meaning to the old traditions of neighborliness -- a realization that racial discrimination is intolerable, that denial of adequate hospital care is an indecent penalty on old age, that poverty is an infection that weakens and demeans a proud and prosperous people, that ignorance and lack of education is a blemish that can be removed from the American spirit.

The true goal is to preserve in the Great Society the values which enabled earlier Americans to conquer the challenges of the new frontiers they faced.

This is the challenge which excites me...and I ask you to join me as we seek to enlarge old values to new dimensions.

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U. S. Department of Agriculture
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I have come here today to talk to you about something very close to my heart: the future of rural America -- a future that holds the promise of a better life for people in town and country alike -- a promise that is well within our grasp because for the first time in the history of mankind our society is now capable of producing enough for all.

The outpouring of our farms and factories has created an order of plenty, a new world of potential abundance in America. Since early 1961, this Nation has achieved a new pinnacle of affluence.

Industrial production has increased by a fourth.

Income per farm is up 16 percent.

Unemployment has fallen to its lowest point in seven years, and employment is now at a record high of over 71.7 million jobs.

Wages and salaries have increased 19 percent.

Personal income after taxes is up 18 percent over the 1960 level.

The brave and difficult decision to cut taxes has produced the results hoped for. Private business has responded with aggressive leadership.

The greatest peacetime expansion of our economy in this century is underway.

President Johnson has challenged us to use this wealth to enrich and advance the quality of American civilization ... to build a Great Society founded on abundance, quality and education ... a society in which there no longer will be a place for scarcity, racial injustice and ignorance. He has held out to us the

Address by Secretary of Agriculture Orville L. Freeman at Jackson's Mill, West Virginia, during Annual Conservation Tour sponsored by the West Fork, Tygarts Valley and Monongahela Soil Conservation Districts, July 20, 1964, 12:45 p.m. EDT.

vision of a society in which all of the benefits of our affluence will be available to all Americans.

When the President talks about the Great Society, he is talking about all of society. His vision is America in its totality ...not just part of it.

The challenge of achieving the President's goal is greater in many ways in rural America than it is in urban areas.

Nearly one out of three persons in rural America lives in poverty -- a much greater proportion than is found in urban areas.

Public services in rural communities still lag behind those in our cities.

The quality of education often is inferior and the economic opportunities fewer.

And despite the 16 percent increase in net income per farm since 1960, the average farmer still earns 40 percent less than individuals in other lines of work.

This must not continue.

We have the makings and we have the ability to build a Great Society in rural America.

How then do we go about it?

The answer is: We don't -- you do! Neither the President, nor I, nor any other official in Washington is going to draft a plan of action. That is up to you -- the people, and that is why I came here today and why I have sounded a call to action in rural communities from one end of this country to the other.

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You must draw up your own plans for progress, for a society can be no greater than the deeds, the imagination, the desires of its people. It is up to you to lead, and your Government to respond, by providing the extra financial and technical resources that you need to reach your goal.

This working partnership between you and your democratically selected government at all levels -- local, State and national -- is the formula by which the Great Society can come into being from one end of America to the other.

In the Great Society, the wastage of America's precious land, water and forest resources will be brought to an end.

Here you already have made an important beginning.

Conservation projects such as those we are seeing today to reclaim strip mines ... to harness floods ... to provide recreation as well as improve farming .. these are essential to rural progress and development.

But we must raise our sights even higher if we are to create the new dimension of living envisioned by the President. We must recapture the determination and zeal that drove the late Hugh Bennett to arouse the public for a crusade against the ravages of erosion ... and worn-out land, dust storms and silted reservoirs. Today, that crusade must reach even further to encompass the Great Society.

Bennett's vision led to the formation of the Soil Conservation Service, and to the locally-run and locally-administered soil conservation districts that help individuals carry out conservation programs.

The operation of these districts has changed since they were first organized some 27 years ago. At first the aim of your districts was to control

erosion ... then you added water conservation ... and now your concern encompasses water development, recreation and rural development in all its aspects.

In West Virginia, over half the districts have expanded their programs and entered into new agreements with the Department -- agreements that provide expanded service to the rural landowner. Today I will sign new agreements with nine West Virginia districts covering some 41 counties.

But all of us ... not just the district leaders ... must broaden our understanding and objectives in resource planning. We must look at the whole resource job. We must move boldly into new fields. We must think as creatively and imaginatively, move as vigorously and work as hard as Hugh Bennett did so we may progress in the next 10 years as much as we have in the last 30 years.

The rural phases of the Great Society embrace a wide field, and vary from area to area, according to local needs.

But basically, there are four great aims:

- ... To increase the number of fully adequate family farms;
- ... To create a wide range of jobs and economic opportunities that will allow people to live and work in rural America if they choose, rather than working in the city and rushing to the countryside each weekend to relax the spirit and body;
- ... To train and rehabilitate the former sharecroppers, the ex-miners and others in new skills that will allow them to take their places in the world of tomorrow;

...And to build the public facilities that make a modern community.

This, in essence, is the opportunity our new abundance presents to rural America. This is the challenge and the opportunity that is ours in this decade of the '60's.

How then do we build this Great Society?

This is the challenge which nearly 100,000 local citizens through rural America are already beginning to meet through the Rural Areas Development, or RAD, effort.

RAD is a people's program. It was undertaken by the people of rural America to redirect the forces of change that pushed many communities to the brink of economic oblivion -- to redirect these forces so that they work for the community, rather than against it. County development committees are a means by which local communities can pull together into a unified partnership effort all of the Federal and State programs that can help in this folk movement. Every soil conservation district is part of the rural development movement. So is every watershed district. So too is every other institution for economic advancement in rural America, from the local farmer cooperative to the community Chamber of Commerce.

The initiative and the leadership to put outstanding human resources to work is rapidly coming to the front. Already in all communities across the Nation real progress is taking place. Local RAD committees have completed 8,000 income and job-producing projects in the last three and a half years, and another 8,000 are underway. More than 125,000 jobs have been created. Projects now underway will produce another 125,000.

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A rural renaissance is already well underway.

Your national administration asked for and received new legislative authorities to make Federal programs more responsive to local needs -- programs which President Johnson in his down to earth way describes as "good for the folks."

Local RAD committees, or county development committees, as they are called here in West Virginia, are bringing new industry to rural America to create jobs for those who cannot hope to make a living on the farm.

They are developing outdoor recreation areas as a new source of income for the family farmer and the rural community and to serve the growing urban need for recreation.

They are helping their communities obtain hospitals, water and sewer systems and other community facilities to provide rural people with some of the services that are taken for granted in urban areas.

They are stimulating individuals and builders to construct new homes for senior citizens as well as young families.

They are obtaining Government training programs that permit their people to learn skills sought by employers in a modern, automated society.

They are promoting the organization of cooperatives to help rural residents broaden markets for their services, to give farmers more muscle in the market.

And they are encouraging shifts in land use to boost farm income.

For a specific example of how rural development works, we need look no further than the Polk Creek Watershed near Weston, which we shall visit this

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afternoon, or to the now completed Upper Graves Creek Watershed project at Cameron, West Virginia.

Take the Upper Graves Creek project. Floods and drought alternately plagued Cameron -- one threatening to wash away local resources, the other stalling economic growth.

The local conservation district got together with civic leaders in Cameron and developed what came to be the Nation's first multiple purpose watershed project. It provided for municipal water storage as well as flood prevention.

That project is now complete. Last year in the midst of one of the worst droughts in the area's history, the Cameron reservoir supplied all local needs, and water to neighboring communities as well.

But more than that, the health of the local economy has improved. A dependable water supply is attracting new industry -- which means new jobs. And the community now is planning to develop a recreation area adjoining the reservoir, an added attraction for visitors.

The watershed project cost a little over \$550,000. The Federal government provided about \$350,000 of that amount plus technical aid and assistance. But the key factor was the determination and leadership among local people who conceived, directed and are maintaining what has become an irreplaceable community asset. This is what RAD means. Here we see rural renaissance underway.

Watershed projects are but one tool in the Department of Agriculture's total RAD partnership kit to help people help themselves. Other tools include a broadened loan program to encourage adequate housing, recreation and community facilities; technical help in establishing income-producing recreation facilities; grants and cost-sharing to convert land now producing excess crops to timber or

recreation; resource conservation and development projects to stimulate conservation activities that improve the economy of a multi-county area; and rural renewal projects for areas where poverty is so widespread that it retards growth.

Other Federal and State agencies are valuable partners in this great movement -- the Small Business Administration, the Area Redevelopment Administration, the Community Facilities Administration, the Corps of Engineers, the State Departments of Agriculture and Conservation, just to name a few.

Often help comes from several sources engaged in a multiple partnership effort.

For example, the Federal government and a local development corporation helped finance a new ski resort near Bedford, Pennsylvania. Without these loans, the ski resort would never have become a reality. Last winter, in its first season, the resort attracted an average of 3,000 persons a weekend from all over the East, and grossed about \$10,000 a day. Some 58 people obtained jobs at the resort, and another 30 or more jobs will be added next season. Motel operators, service stations, sporting goods stores, clothing shops and other stores up and down Main Street had more winter business than they ever remember.

Here in West Virginia we have just given tentative approval to another project that is equally promising. It involves an \$820,000 loan that will be used by a group of farm and rural residents to develop a large scale recreation area in Preston County, near Terra Alta. The project, to be known as Mountain Top Vacationland, will include facilities for camping, fishing, hunting, skiing, boating, target ranges, nature trails, golf and riding. This project will turn nearly 2,000 acres of land into a recreation complex that should attract thousands of outdoor recreationists to the area and greatly expand the economy of Terra Alta.

To develop such projects, of course, takes money. But I would like to point out that less than one dollar in 10 invested in RAD projects comes from the Federal government. And of that the vast majority is in the form of loans that are repaid with interest.

This is part of the essential process of recapitalizing the rural economy ... of diversifying its economic base to meet the challenge of abundance ... just as farmers earlier diversified their crops to protect the soil and to achieve economic stability.

The return on this investment is going to be a stronger, more vital rural economy, and thus, a stronger, more vigorous national economy.

The time to launch this great partnership drive to revitalize rural America is long overdue. It is time for the people of this Nation to recall that it was our farms and rural communities that built this country in the first place. Exports of the products from our farms brought us the foreign funds we needed to carve a home out of the wilderness. They financed our westward expansion and the basic development of our industry. Moreover, as agriculture became progressively more productive, it was rural America that released the people needed to run the factories, invent the machines and perform the countless services that give us the highest standard of living known in the world today.

This paved the way for what has become our new order of abundance.

Now the time has come to balance the scales ... to move resources and capital back into rural America.

In addition to the broadened economic development attack launched during the past three and a half years, two exciting new partnership measures to foster

more rapid rural development are now on their way through Congress.

One of them is the Appalachian Regional Development Bill. It would authorize construction of more than 2,100 miles of roads to open up this region to tourists and industry and it would accelerate construction of watershed projects and reservoirs.

It contains pasture and timber development programs. We estimate agricultural income of the area could be increased by up to \$2 billion a year, an average increase of \$360 to \$500 per family throughout the region.

The other is the anti-poverty legislation proposed by President Johnson. This legislation would carry out the promise of abundance that the late President Kennedy envisioned when he said in his inaugural address: "For man holds in his mortal hands the power to abolish all forms of human poverty....".

The Job Corps, the work-training programs, and the work-study programs proposed in this bill would bring new opportunity to rural youths who will never have that opportunity otherwise.

The bill contains provisions for a Community Action Program that would place new Federal resources at the disposal of local leaders ... resources that would enable them to carry out development projects that have been shelved for a lack of financing or technical knowledge.

It also would provide special loans and grants for the one million farmers who are in what I call the "boxed-in" group. These are poverty-stricken farmers and **terants** who, because of age, physical disability, or other problems, cannot be retrained to achieve success outside of farming. The proposed loans and grants would permit them to remain on the land where I assure you the vast majority

want to stay, and also give them an opportunity to achieve more than a subsistence standard of living.

Other titles in this legislation would help us encourage and promote cooperatives to serve low-income rural families and tackle the problem of farmers without land.

The promise of the Appalachia and anti-poverty programs ... as well as the promise of all the combined partnership efforts to develop new hope and opportunity in rural America ... will not be realized easily or quickly. Rather, it will come as a gradual building of momentum from a thousand and one development projects in community after community throughout the land.

Working together -- government and citizens can launch a rural renaissance of creative living that will be the propulsive force of the Great Society.

In the bountiful physical resources of rural America, we have the economic potential. In the people, we have the leadership.

Let us keep faith with those who came to this land in its formative years. They sought to build more than a new nation ... they sought a new world and a new way of life, and they built it. But each generation must build its own new world. With this new age of automation, mechanization and technology, we have it in our power to build a world in which there will be abundance for all.

President Johnson has said ... "Your imagination, your initiative, your indignation will determine whether we build a society where progress is the servant of our needs, or a society where old values and new visions are buried under unbridled growth."

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Let us as partners begin now to master progress -- to build a society where man is assured not only his economic wants, but leisure to enjoy the out-of-doors, educational challenges to stimulate his mind, and an equal opportunity to enjoy the fruits of abundance.

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U. S. Department of Agriculture
Office of the Secretary

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1 p.m. (PDT) July 24, 1964.

24, 1964
It is particularly stimulating to meet with the members of the

Commonwealth Club of San Francisco. Your study and leadership programs are valuable contributions to better understanding of basic issues.

Foreign agricultural trade is one of those issues, and I appreciate the opportunity to discuss it with you.

I am pleased and proud to open our discussion with some news of very real importance.

A few minutes ago, President Johnson announced from the White House in Washington that agricultural exports of the United States shattered all records in the year ending June 30, reaching an all-time high of 6 billion 115 million dollars.

This new peak represented a 20 percent increase in a single year and sent our agricultural export total soaring 35 percent above the level of four years ago, before this Administration came into office. And the year's spectacular gain, let me say, was practically all in export sales for dollars.

This is a great accomplishment. It does credit to the far-sighted drive and the closely-knit teamwork of thousands of people in government and industry whose combined efforts made it possible.

Address by Secretary of Agriculture Orville L. Freeman at luncheon meeting, Commonwealth Club of California, Sheraton-Palace Hotel, San Francisco, at 1 p.m. (PDT) July 24, 1964.

The export of agricultural products has become one of our Nation's big enterprises. To visualize its size, let me say that the \$6.1 billion export figure for last year equals the value of all the gold ever mined in California -- from the famous Sutter's Mill discovery in 1848 to the present time -- plus an additional 50 percent.

And to bring it even closer to home, let me remind you that among our 50 States, California is the leading exporter of agricultural products. We estimate that your share of the Nation's agricultural export total these past 12 months came to about \$600 million. Your State, today, is earning \$200 from its exports of farm products for every \$1 it derives from the mining of gold.

Trade statistics such as these are indicators of bustling economic activity which benefits all of us. In agriculture, they represent one out of every four acres of the Nation's cropland producing for export. In industry they represent thousands of processing plants preparing products for export...thousands of trucks and railroad cars moving products to ports and docks...hundreds of cargo ships on the seven seas. They represent an economic chain reaction that begins with more income on the farm and provides jobs and paychecks for thousands and thousands of people throughout the whole economy.

And they reflect a hefty, welcome deposit to our international balance of payments account...a solid one-fourth of the Nation's total earnings from the sale of merchandise abroad.

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The smashing of all previous agricultural export records was not an accident. Instead it was the product of initiative, hard work, and plain old-fashioned salesmanship on the part of American agricultural producers and exporters, working in a close and constructive partnership with Government.

If I were to call the roll to give well-deserved public credit to all who have contributed to this exciting new chapter in American trade history -- and I only wish I had time to do so -- the list might well begin with California. Your producer groups have been among the most active and successful in the Nation in promoting their products in the markets of the world. The California-Arizona Citrus League, the California Prune Advisory Board, the California Raisin Advisory Board, The Cannery League of California and the Pacific Coast Deciduous Industry -- to mention only some -- have consistently been in the vanguard of our market development work abroad.

This morning, I had the pleasure of meeting with members of the Trade Advisory Committees appointed by Governor Brown to plan ahead for further expansion of the State's international commerce. And, as you know, such prominent Californians as Jesse Tapp of the Bank of America, Roy Lucks of the California Packing Corporation, and Clark Kerr of the University of California are serving, by Presidential appointment, as members of the Public Advisory Committee on Trade Negotiations. In short, California's initiative in seeking ever-widening outlets in the world market is commensurate with her status as the number one producer of agricultural crops for export.

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I think it is only fair to add that an internationally-minded, trade-minded national administration contributed importantly to this accomplishment. Few people realize that the United States Department of Agriculture is today engaged in an aggressive market-promotion partnership with 44 separate agricultural producer and trade organizations reaching into 67 countries. I doubt that anything approaching a foreign market development program of this magnitude has ever been undertaken before -- and I think its success may be measured, at least in part, by the striking 35 percent expansion of farm exports in the last four years.

And I would like to say that in the promotion of agricultural products abroad we have had the close cooperation and full support of the United States Department of Commerce and Secretary Luther Hodges, under whose leadership American exports as a whole have jumped from 20 to nearly 25 billion dollars since 1961.

Let me just mention a few of the measures now being taken to promote and facilitate farm exports: American foods are being shown at leading international trade fairs and at permanent United States trade centers in Tokyo, London and Milan... American marketing specialists abroad are teaching foreign buyers how to mix and blend our wheat, fabricate our cotton, process and package our vegetable oil... we are revising grain standards to make it easier for foreign importers to buy the specific qualities of grain they want... we have worked with the railroads to reduce rates on grains moving from the Midwest to West Coast shipping points, thereby improving our competitive ability to sell in Far Eastern markets... we have strengthened short-term and longer-term export credit facilities, not only for commercial

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convenience but to encourage underdeveloped countries to convert wherever possible from local currency purchases under the Food for Peace program to commercial buying for dollars.

In short, I believe this administration is doing more to build agricultural exports than any administration in history -- and the job is being done in partnership with private enterprise, with admirable support from the trade community.

As a result, this Nation's stake in the world's trade in agricultural commodities is greater today than it has ever been -- and it will be greater still in the years immediately ahead. The record value of our farm exports has become a major factor in the national economy -- in terms of the international balance of payments, in terms of the consumer buying-power of the farm population, in terms of employment and payrolls in processing, marketing, transportation, shipping, finance and other industries through which the products of the field must pass on the way to markets abroad.

It is of critical importance to maintain the level of exports we have now achieved -- and more, to make certain that our trade will expand to meet future needs generated by world population growth, by the creation of greater buying power through economic development, by the inevitable demand for better and more varied diets in less developed countries of the world. The question is: Can we do so?

This administration believes that we can, that we must, and that we will. It believes that liberalization of the rules of trade among the nations of the world will offer American agriculture, with its unmatched efficiency, opportunities unlimited.

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To this end we are determined to do everything within our power to bring about a general relaxation of international trade barriers and a freer flow of commerce between nations. We are backed up in this determination by the Trade Expansion Act of 1962, one of the most significant pieces of trade legislation in our history, which opens the door to world negotiations of a kind and on a scale never before possible.

Strengthened by that Act, we are now engaged in Geneva in the Kennedy Round of negotiations under the General Agreement on Tariffs and Trade. The outcome of these discussions will have implications of the utmost importance for this State, for this country, and for the world.

Most thoughtful people agree, I believe, that the general reduction of trade barriers being sought in the Geneva give-and-take would have a healthy world-wide effect. But along with this agreement in principle, certain questions have arisen. Among them are three questions especially pertinent to agriculture. I am privileged to address myself to them before this distinguished and knowledgeable audience.

These questions are:

Why should the GATT negotiations on industrial products and agricultural products be linked together?

Are difficulties regarding agricultural trade holding up the whole negotiations?

What is agriculture's real stake in the trade liberalization process?

Let me answer them one by one.

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With respect to the first -- the link between industrial and agricultural negotiations -- we insist, in the GATT negotiations, on a single-package approach for all items, industrial and agricultural, because we believe that separate negotiations would be unnatural and mutually harmful.

This is the official position of the Government of the United States. The Congress made it clear in provisions of the Trade Expansion Act, and in the legislative history leading to its passage, that the negotiations must include agriculture. The President and his Special Representative for Trade Negotiations, Governor Christian Herter, have affirmed this position.

In Governor Herter's words: "The United States will enter into no ultimate agreement until significant progress is registered toward trade liberalization in agriculture as well as in industrial products."

Why have we taken this position? The reason is simple and logical: Foreign trade takes place because of mutual advantage. Someone in Japan finds it advantageous to import California lemons; someone in the United States finds it advantageous to import Japanese transistor radios. Our importers buy wool from Australia; Australia buys airplanes and parts from us. We sell cotton, or rice, or feed grains to West Germany; Germany sells Volkswagens to us. Trade by its very nature is a mixture of agricultural products and industrial products. We are introducing an artificial separation if we try to negotiate trade relations other than as a mixed package.

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Many of our important trading partners feel the same way. Australia, for example, imports large amounts of industrial products which she needs in building her expanding economy. She pays for these industrial imports with her agricultural exports. With industrial and agricultural negotiations separated, Australia's hands would virtually be tied for she would not be able to offer or to accept the wide range of concessions that make a negotiating session worthwhile.

Australia's trade with the United States illustrates the point. Australia, an agricultural nation, buys only a few of our agricultural products -- mainly cotton and tobacco. But she is a large buyer of industrial items - aircraft and parts, automobile parts, electrical machinery, and construction and mining machinery. Last year, the United States bought somewhat more than \$300 million worth of products from Australia, about \$250 million of these agricultural; Australia bought well over \$400 million worth of products from the United States, about \$390 million of these industrial. California, I might add, shared substantially in this export business since you were an important supplier of Australia's \$200 million purchases of machinery and transport equipment, including aircraft.

The mixed-package trade pattern is repeated in other countries -- among them New Zealand, Argentina, Brazil, South Africa, Canada, and practically all of the less developed nations. These countries could not participate effectively in negotiations in which agricultural products and industrial products were separated. For them,

the negotiating field would be narrowed to a point where it would lose its usefulness. And without participation of these countries, the negotiations would lose much of their usefulness for the United States as well.

We tend to think of the GATT negotiations in terms of our trade with the six countries of the European Economic Community, the seven countries of the European Free Trade Association, and Japan. These countries are important; but we must keep in mind that out of U. S. dutiable imports of \$10.7 billion in 1963, less than half (47 percent) originated in these highly developed countries. Of our total exports of \$21 billion, only somewhat more than a third (37 percent) were sent to them. The other countries of the world are highly important to the United States too. Many of them have reached the take-off stage and are on their way to becoming developed countries. They are, and will be, increasingly important markets for our products.

I think it is clear, therefore, that separate negotiations for industry and agriculture at Geneva would be a grave mistake and inimical to the best interests of both.

Before I go on to respond to questions 2 and 3 let me set down quickly several background facts about agricultural trade that are significant but often overlooked.

First, some important facts about imports:

The United States is not only the world's largest exporter but also the world's second largest importer of agricultural products. These purchases help the supplying countries to get dollars for the purchase of American

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industrial goods. This is possible because, contrary to widespread myth, the United States is not protectionist in its agricultural trade policy. We are, in fact, less protectionist in our agricultural trading policies than any other important trading nation. While it is almost impossible to measure protectionism with precision, a recent careful study concluded that only about one-fourth of our agricultural production is protected by non-tariff trade barriers as compared with half, three-fourths, and even 100 percent agricultural protection on the part of many of our major trading partners.

In addition, U. S. tariff barriers on agricultural products are low. About half of our total agricultural imports come in duty-free. For the rest, the ad valorem equivalent of all duties averages 11 percent; and the ad valorem figure for all agricultural imports, free and dutiable, averages 6 percent.

As a result, we import many competitive agricultural products in which, if our nation followed a highly protectionist policy, we could become virtually self-sufficient. We have chosen not to do so and American industry, through increased earnings by its foreign customers, profits by that decision.

But this doesn't mean that agriculture has lost. Quite the contrary. Despite our liberal import policy, the net agricultural trade balance of the United States is highly favorable. Agricultural export sales for dollars these past 12 months amounted to \$4.6 billion; imports of competitive agricultural products amounted to about \$2.3 billion.

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This is a favorable ratio of commercial agricultural exports over competitive agricultural imports of 2 to 1.

Second, American agriculture is contributing to American industry's ability to export in another way often overlooked. This is in holding down food prices. The American worker, in terms of amount of food he can buy for the amount of time spent earning it, is getting the best food bargain in the world. This stability in food costs is favorably reflected in stability of wages which, in turn, is reflected in industry's costs of production and ability to compete in the world market.

Now turning to the second question about the Kennedy Round -- whether agricultural problems are holding up the negotiations -- the answer is that they are not, so far as American agriculture is concerned. There are problems in the agricultural area, of course, but there are problems elsewhere as well. We think the problems in agriculture are possible of solution and have made proposals to solve them. We are prepared to negotiate and stand ready to negotiate. We insist, however, that to maintain the link between industry and agriculture, we must make progress concurrently in both areas.

It is true that much work remains to be done in firming up the negotiating rules, especially in the agricultural sector. The United States is prepared to sit down with the other GATT countries and draft those rules. We are urging that early and frequent meetings be scheduled for this purpose.

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It is a matter of common knowledge, of course, that the European Economic Community -- one of the giants at the bargaining table -- is wrestling with knotty problems relating to a common agricultural policy, and particularly to grain prices inside the Common Market. This is a matter of concern to us as well as to other agricultural exporting countries, but essentially it is an internal problem for the Community. We have made it clear that we expect the negotiations to result in more liberal trade patterns for agricultural products, with unimpaired access to traditional markets, and that we are prepared to negotiate with them at any time on this basis.

Finally, with respect to the third question regarding agriculture's stake in the trade liberalization process, it is not an overstatement to emphasize that agriculture's stake is even greater than that of industry. The simple fact is that the farmer depends more heavily on export markets than any other major segment of American producers. Fifteen percent of the American farmer's output goes to market abroad, compared with eight percent of our industrial output. Thus it might be said that agriculture is twice as dependent on foreign markets as is industry.

Or, to use another indicator, of more than 300,000 manufacturing firms in the United States, about 12,000 are engaged in foreign trade. Of the 1.6 million commercial farmers who produce 90 percent of our total agricultural output, practically every one is producing for the export market since some portion of his crop is more likely than not to end up in international channels of distribution.

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Moreover, agriculture is in the vanguard of America's increasing productive genius. American farmers produce more food and fiber than the people of this country can consume -- or usefully contribute to the needy at home and around the world. We fill all domestic commercial needs, donate food totaling 3/4 of a billion dollars to the needy at home, provide 1-1/2 billion dollars worth for our Food for Peace Program -- and still have an estimated 25 percent of unused agricultural capacity.

American industry likewise has unused capacity. But, because agricultural productivity has accelerated more rapidly than industry in recent years, it is the sector of our economy most seriously beset by the problem of adjusting from an economy of scarcity to an economy of abundance.

I believe this adjustment can and must be made, both in agriculture and industry. Our economic and social engineers are challenged to find ways whereby the abundance made possible by science, mechanization and automation can be realized. President Johnson's war on poverty gives dramatic emphasis to the search for ways to transform this potential of abundance into the reality of enough for all. The President's call to create here a Great Society is evidence of his confidence that we can find the ways -- and of his determination that we shall.

But what has this to do with agriculture's stake in the GATT negotiations?

Agriculture must seek new outlets if it is to expand distribution. New and growing markets abroad are vital. Industry can expand the use of its products by promotion, by advertising, by creating new wants and higher standards of living. These may result in two or three cars in every garage -- or two or three telephones in every home. But not much can be done to increase the consumption of food in a nation such as ours, where most of our people already eat all they want, and some too much.

So as American agriculture seeks to reduce its stockpiles, as it seeks to meet the challenge of the new age of abundance, it must look to the expansion of markets abroad.

American agriculture has the resources and the ability to make an increasing contribution to feeding and clothing the world. We can enthusiastically accept the necessity of continuing food assistance to less developed peoples under the Food for Peace program; but we must try to meet more and more of the world's needs through commercial sales in world markets. In order to achieve these increased sales, there must be a minimum number of obstructions in world trade channels; to remove them most effectively, agricultural products and industrial products must be negotiated as a twin package in the Kennedy Round. By so doing, we will have a natural and rational basis for effective bargaining.

I give you my assurance that it is not the intention of American negotiators at the Kennedy Round to reduce the protection

of our own agriculture unless commensurate reductions in trade barriers are made by other nations.

I think we need have no fear of this process. American industry and American agriculture have proved, time and again, that the real stimulator of progress is not protection but competition. The capabilities of American farmers, the productivity of our land, the state of our science and technology are second to none. The key to our success in selling competitively in world markets lies in our ability to gain access to markets.

In the United States, our farmers have opened the door to an era of agricultural abundance. Now, in Geneva, we are striving to go a step further and improve the rules for making this abundance available to the world's people. The patterns set by the Kennedy Round may be with us for a long long time to come.

The essence of our posture there, at what may be the most fateful bargaining sessions in the history of commerce between nations, was distilled by President Johnson in his first State of the Union Message to Congress:

". . . .We must expand world trade. Having recognized in the Act of 1962 that we must buy as well as sell, we now expect our trading partners to recognize that we must sell as well as buy. We are willing to give them competitive access to our market -- asking only that they do the same for us."

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Office of the Secretary

American Agriculture and International Rural Development

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July 27, 1964
I am very happy to have this opportunity to speak to the participants in this Conference on International Rural Development, and to the members of the Congress who, in spite of very heavy pressure of work, have honored this occasion by their presence tonight. I am sure they have joined us because they understand very well that the subject of this Conference has an important bearing on their efforts to legislate wisely in the national interest. I therefore extend a special welcome to them.

I would also welcome most sincerely those of you who represent the State Universities and Land Grant Colleges. Your participation is highly essential and deeply appreciated. The Department of Agriculture and the Land Grant Colleges have shared a history of cooperation toward common goals for more than a century. All of the people of this Nation, in our cities as well as on our farms and in our rural communities, have benefited by this cooperative effort.

I would especially like to pay tribute tonight to the State Universities and Land Grant Colleges for the development of concepts and services that have contributed immeasurably to the progress of our Nation, and that have much to contribute throughout the world.

Address by Secretary of Agriculture Orville L. Freeman at dinner meeting of Conference on International Rural Development, John Quincy Adams Room, State Department, Washington, D.C. 7 p.m. EDT, July 27, 1964.

You represent the great educational institutions of this Nation -- institutions that are not only the centers of scientific and technological research and development, but also the sources of ideas and ideals by which we seek to solve the problems of human relationships. You are a fundamental part of the great American educational ideal that insists on education for the masses as well as for the scholars; of the great American educational tradition that encompasses pure research as well as training in everyday skills; of the emphasis on freedom of inquiry in the search of truth, as well as the wide-spread dissemination of truth and understanding in the cause of freedom.

I would also like to extend special recognition to those guests here tonight who represent America's great foundations, and to those who represent our great farm and cooperative organizations.

The very high degree of cooperation between citizen and government -- between private, voluntary organizations of Americans on the one hand and agencies of the Government on the other -- is, I believe, a uniquely important development in the United States. We find it at all levels, local, State and Federal. We find it in our Extension Services. We find it when AID contracts with educational institutions and with farm and cooperative organizations to carry out technical assistance programs. We find it when voluntary agencies help distribute our Food for Peace. We find it where USDA cooperates with private groups to develop markets abroad, and where we set up citizens' advisory committees with important responsibilities.

I believe that the Congress acted very wisely when it enacted, in the Foreign Assistance Act of 1961 as amended, legislation to provide that the Agency for International Development should, wherever appropriate, make use of

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especially competent resources that may be found in the private sector and in other agencies of Government. By this action it recognized the need for the most efficient use of our most valuable resource -- the ability and competence of those called upon to do the work. It also recognized the value of the American tradition of partnership between citizen and government which is, in my opinion, an important part of America's answer to the conflict of ideologies in the world.

And, finally, may I extend my welcome to the officials of AID and the USDA and of the other agencies of the Federal Government who make up the rest of the participants here tonight. I would especially express my appreciation of the increasingly effective interagency cooperation that is developing between AID and the USDA. I am confident that it will result in better programs and more efficient operation. The Department of Agriculture set up its International Agricultural Development Service last year in order to further this goal. And we deeply appreciate both the leadership and cooperation of the Administrator, David Bell, and of his staff.

Mr. Bell spoke to you this morning about the needs and problems of rural development in the less developed countries of the world, and described the role of U. S. resources in helping to solve those problems. He challenged us to enlist the services of our ablest personnel in fulfilling this sensitive and complex responsibility. I support this position wholeheartedly, and I am confident that qualified Americans can be found to meet this challenge. Four agencies in the Department of Agriculture very recently asked their field station directors, State Directors of Extension and other State agricultural officials for assistance in recruiting technicians in certain specialized fields for Viet-Nam. To date over 80 applicants have responded from all over the country, many of them highly qualified.

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President Ellis presented the unique opportunity and challenge that international rural development presents to American State Universities and Land Grant Colleges. He spoke of a "great new common market of ideas and knowledge". He suggested that, in meetings like these, we have an opportunity to work out cooperative arrangements "which may some day seem as historic as the Morrill Act and the establishment of Agriculture as a Department at cabinet level."

As Secretary of Agriculture I am deeply concerned with rural development here in the United States. Community programs in Rural Areas Development, along with programs for commodities and programs for consumers, constitute the "Three C's" that make up our far-reaching program for agriculture in the 60's.

But tonight I should like to emphasize why, as Secretary of Agriculture, I must be deeply concerned about our Nation's stake in rural development abroad.

Why are we concerned about agricultural progress and general economic growth of the developing countries of the free world? Why should the United States help to provide technical assistance in international rural development? And why, specifically, should a Department of the U. S. Government that is concerned with agriculture be involved in such an assistance program?

These questions can be answered in terms of cold dollars and cents. They can be answered in terms of the kind of world we want, for ourselves and our children, in the years ahead. They can be answered in terms of basic human decency and moral imperatives. President Johnson has warned that "we will be laying up a harvest of woe for us and our children if we shrink from the task of grappling in the world community with poverty and ignorance".

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We support technical assistance programs for rural development in the less developed countries of the free world for at least three reasons:

- (1) It is economically advantageous to do so.
- (2) It strengthens political independence and freedom, and thus contributes to security and peace.
- (3) It is morally right.

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Let us consider, first, our own economic interest in foreign economic growth; and particularly the interest of American agriculture in the development of higher levels of living in the less developed countries.

Every segment of the American economy stands to gain by expanding international trade, but American agriculture is proportionately more concerned with expanding exports than is American industry. Production from one acre out of every four harvested in 1963 was exported.

Our agricultural exports have been increasing rapidly in recent years. In the 1963-64 fiscal year U. S. agricultural exports reached a new record high level of \$6.1 billion -- one billion larger than the previous year. All of this increase was in commercial sales for dollars. In the year just ended our exports were 35 percent larger than in 1959.

Expansion in agricultural exports has resulted from many things. The high level of production efficiency on American farms makes our products competitive in international markets. Effective processing and selling of our farm products makes them attractive in world markets. Economic growth in foreign countries has brought about rising incomes that make it possible for their people

to purchase more and better quality food, clothing and other essentials for improved living standards. Our Food for Peace programs have supplied agricultural products to help developing countries meet emergency needs and achieve more rapid economic growth.

The single most important question in expanding exports is whether those who want to buy can pay.

Thus it is traditional that the best export markets for U. S. agricultural products have been the highly developed countries. These countries have higher incomes per person, and their consumers demand not only a larger volume of farm products but also much greater variety. U. S. agricultural trade with the developed countries has grown about in line with increases in their national incomes. And it may continue to expand in line with increases in population and income growth, particularly if we are successful in international trade negotiations.

But in future years the most rapid growth in our markets for farm products must be found in that great undeveloped market that lies in the developing countries of the world. Population in these countries is increasing more than twice as fast as in the more highly developed countries. Most of the people in these countries have been underfed and poorly clothed. They will want both more and better food and clothing as their incomes improve. This tremendous need for more food and fiber will be translated into market demand if economic growth can be stimulated and incomes increased.

Let me illustrate with a few figures how U. S. agricultural exports depend on income levels abroad.

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In the less developed countries of Asia and Africa where per capita incomes are a little over \$100 a year, our commercial exports of farm products average about 25¢ per person per year.

In Japan, where per capita incomes are about \$350 a year, our commercial exports of farm products average \$4.70 per person.

In the European Common Market countries where incomes are about \$850 per person, our exports of farm products average \$6.00 per person.

In the European Free Trade Area, where incomes are a little over \$1,000 per person, our exports of farm products average \$7.00 per person.

And in Canada, where per capita incomes are close to \$1,600, our farm exports average \$24.00 per person.

What could indicate more clearly the stake of American agriculture in world economic growth? There are large potential markets for our farm products in the emerging countries of Latin America, Asia and Africa. But, if these countries are to become effective commercial markets, they must achieve economic growth and rising incomes.

Small increases in income for the 1.4 billion people that live in these countries would have large effects on their imports. We find that we export about \$1 worth of farm products for each \$100 of income in both developed and less developed countries. Thus, if these less developed countries were able to increase their incomes by \$100 per person they would likely import over \$3 billion worth of agricultural products from the United States each year, or about double the \$1.5 billion we now export to them.

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Increased incomes bring about a demand for more and better clothing as well as for more and better food. Cotton consumption, for example, in the underdeveloped areas of the world ranges from 4 to 6 pounds per person as compared with about 22 pounds in the United States. In India, where cotton consumption is only about 4.5 pounds per capita, approximately 500,000 bales of cotton would be required to provide each person with one shirt or its equivalent in other clothing. Approximately 1.8 million bales of cotton would be required to supply each of the 1.4 billion people in the less developed countries with one additional shirt or its equivalent.

What is the connection between all this and our efforts to help the developing countries improve their agriculture? Simply that no nation can hope to climb into the take-off stage of economic development without first achieving substantial gains in its own agricultural productivity. Imports of farm products from other countries, such as those we are supplying under the Food for Peace program, can meet a part of the rapidly growing needs, and contribute significantly to economic development. But most of the rising requirements must be met by expanding domestic agricultural production.

It is a mistake to assume that such expansion of agriculture in the less developed countries means smaller markets for our products. Quite the contrary. Consider what has happened in Japan during the last decade. Its domestic agricultural production increased 3.7 percent a year, while its population increased only about 1.4 percent annually. Yet, during that same decade, Japan became our largest customer for farm products -- with a volume over \$600 million during fiscal 1963-64.

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The connection between aid and trade is thus abundantly clear. Increased international trade will benefit all Americans, and will be of special benefit to American agriculture. But let me repeat that trade with the less developed countries can increase only as their economies grow and their incomes rise. And this economic growth, in turn, depends upon their ability to improve their agriculture and achieve real rural development. Assistance in rural development abroad is therefore clearly in the national interest of the United States because our own continued economic growth demands rising standards elsewhere, among people with whom we hope to develop expanding trade relations.

II

An even more important national interest is involved when we consider the kind of world we want in the years ahead. We need only to scan the headlines in any newspaper to see how much we are affected by conditions and events in the less developed nations of the world. The course of history for the next hundred years will be sharply influenced, if not determined, by the course of development in those nations. Our own security depends in a large measure on the prevalence of conditions under which the people of those nations can hope to achieve higher standards of living and the other benefits of modern civilization in peace and freedom.

If the developing nations can be helped to achieve satisfactory growth rates under free institutions, the security of the free world will be immeasurably strengthened. If they choose other institutions and other methods, freedom may be jeopardized even where it now exists.

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The Communist world is always ready with its promises, even if it lacks the ability to deliver. Yet in no area is our superiority more dramatically demonstrated than it is in agriculture. Last spring a group of four business men spent several weeks in India studying the problems of food distribution. On their return they reported their impressions of the success of our Food for Peace program. They also noted that there was one recent international event that had made a great impression upon all of the Indian leaders with whom they talked -- the fact that the Soviet Union had found it necessary to come to the United States to purchase wheat. In their opinion this sale constituted one of the greatest propaganda victories ever scored by the United States. I wonder if there may not be a very real connection between that event and the recent increased interest in technical assistance from the United States in the field of agricultural policy and rural development.

The technical assistance that can be provided by the combined resources of AID, the USDA and the State Universities and Land Grant Colleges is of two kinds. First, there is the sharing of all kinds of technical and scientific knowledge relating to better farming -- including such things as irrigation, soil fertility, the breeding and development of better field crops and farm animals, the use of improved tools and machines. These are important and essential for increased productivity.

But this kind of assistance has limited value unless it is accompanied by education for those who cultivate the land, unless it provides a system under which they can get a fair return for their increased productivity, unless it includes assistance in making the kind of social and institutional changes that will help bring about better use of both natural and human resources, unless it contributes to the development of economic and social institutions under which economic growth can proceed in a free society.

Even as we recognize that it may not be possible, or even desirable, to transplant our particular institutions in all their specific details to countries with widely differing conditions, we have a wealth of institutional experience that can be adapted constructively and effectively.

Certainly this is true of the principle of education at all levels: the training of scientists and the emphasis on research and experimentation; the education of children and adults on the farms and in the villages as well as in the cities; the unique values of our Extension Services.

Certainly we have much to offer out of our experience with cooperatives, and with the development of grass roots participation in local and community affairs.

We have had wide experience with agricultural credit, and with the kind of supervised credit that has done so much to improve conditions in rural areas in this country. Assistance that we have already given in this field has proved its worth in several of the developing nations.

I happen to believe that one of the institutions that has contributed immeasurably to American agriculture and that can contribute as much to agriculture in much of the developing world is our system of land tenure and private ownership of farms, under which efficiency and progress is stimulated by individual ownership and personal incentive.

Many of the emerging nations have not yet settled such questions as land tenure and ownership. Many of them face major problems in their search for agrarian reform. Those who till the soil seek to realize the age old dream for

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ownership of the land they cultivate. Yet ownership and management brings the need for ability, knowledge, skill, and credit that are not always available.

It is not only in America that the pattern of individually owned and operated family farms has demonstrated its superiority. When American assistance in Taiwan helped to increase the percentage of farm land operated by its owners from 57 to 87 percent, productivity increased by 31 percent in only a few years. When farm tenancy in Japan was reduced from 46 percent of the arable acreage to 10 percent, production per cultivated unit increased 44 percent even though the size of such units had been reduced. Total agricultural net real income increased by 32 percent.

On the other hand, repudiation of the principle of farmer ownership of his land has had serious results. Recent history shows what an appalling price in hunger, food deficits, and lagging productivity has been paid where governments have sought to destroy individual incentive and ownership in agricultural production.

If land tenure reform can follow the pattern of individually owned and operated family farms, free institutions in the entire rural community are strengthened. No other tenure system has ever equalled its productivity, its contribution to economic growth, or its development of a high level of citizenship and sense of personal dignity and worth.

These are some of the examples of how technical assistance for rural development can encourage free institutions among rural people, which means among the great majority of all the people in most of the less developed countries. By this means, and by encouraging increased productivity and economic growth, it can help to narrow the gap between the "have" and the "have-not" nations, and

thus lessen the danger of a world-wide explosion. It thus contributes significantly to our national security.

President Johnson has summarized the reasons for our assistance programs as follows:

They "aid in frustrating the ambitions of Communist imperialism, reduce the hazards of widespread conflict, and support the moral commitment of free men everywhere to work for a just and peaceful world."

III

Finally, we share with the developing nations both our agricultural abundance and the know-how that makes that abundance possible because it is morally right. We know how extensive is the poverty, and how great is the need. We know, too, that the physical and technological barriers that lie in the way of the production of plenty have been overcome. We know that it is physically possible to achieve abundance for all people in every nation. We have not yet overcome the barriers of human relations; we have not yet solved the problems of social engineering that must be solved before we can achieve that goal.

But simply because we can see the goal, we must strive to reach it. We can do no less and still keep faith with the ethical principles by which we live. We can do no less and still be worthy of the great society to which we aspire.

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The Appalachian Trail provides maximum outdoor recreation opportunities at minimum cost, and must be preserved, Secretary of Agriculture Orville L. Freeman said today.

"We must keep constantly in mind as recreation resources are created and enlarged in the years ahead that there are more people who can afford to spend only \$100 or so in order to enjoy the outdoors than there are those who can afford \$1,000 or more," the Secretary said in citing the Appalachian Trail as an example of low-cost recreation.

He spoke at the second in a series of four special programs sponsored by the Potomac Appalachian Trail Club at the Museum of Natural History of the Smithsonian Institution. The club, one of 56 maintaining clubs of the Appalachian Trail conference, is presenting an exhibit of camping, hiking and mountaineering equipment together with a photographic display of the 2,000 mile trailway.

"There must be in this country a diversity of recreational opportunities so that the family which can spend only \$100 for outdoor activities will be able to enjoy the same sights and sounds and primitive areas as the family able to spend thousands for a well-fitted outing complete with guide.

"The Appalachian Trail provides such an opportunity for those who want a simple and inexpensive hiking trip for two days or two weeks, or even longer. The equipment on display and which is being demonstrated here shows that recreation enjoyment need not be an expensive hobby.

Summary of Remarks by Secretary of Agriculture Orville L. Freeman, Museum of Natural History, Smithsonian Institution, Washington, D.C., at an exhibit sponsored by the Potomac Appalachian Trail Club, July 29, 1964, 8:00 p.m., EDT.

"The trailway is unique in many ways. It has been developed, and it is maintained through voluntary effort. It is the longest continuous strip of open areas in the East today, and it is the primary source for hiking, camping and mountaineer opportunities for the largest concentration of population in the country."

Secretary Freeman noted that the nation's Wilderness Areas, land preserved in its natural primitive state and protected by Federal statute, are another example of recreation resources which insure that modest incomes need not be a barrier to enjoyment of the outdoors.

"The Wilderness Areas of this country are more than part of our natural resource wealth; they are an irreplaceable national treasure which cannot be measured by any material standard.

"Let me cite a personal experience to illustrate my statement. It happened on a recent trip through the Bob Marshall Wilderness Area in Montana. I was with Forest Service Chief Ed Cliff and Supreme Court Justice William O. Douglas, and we were studying some of the problems of wilderness management.

"While we were there, we met a family -- mother, father and four children -- who were backpacking into the wilderness. No one can fully appreciate the value of wilderness areas until he shares the joy of a family such as this one in the adventures of that open, truly wild country.

"You can't put a price tag on the happiness and pleasure which we saw in those children. The only way you can adequately compensate for these benefits is to resolve that these areas should be firmly guarded and enlarged wherever possible.

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"I was so impressed by the adventures of this family -- and the need for more families to have the same opportunity -- that I asked the Forest Service to prepare a pamphlet describing the techniques of backpacking in Wilderness Areas, using this family as a model. There was no such information available through the Forest Service and I felt it would encourage more people to use the Wilderness Areas if they saw that other families who knew the technique of camping and backpacking could gain so much pleasure and enjoyment."

Freeman noted that the pamphlet has become the most popular Forest Service publication, a fact he cited to indicate the growing popularity of outdoor recreation -- and the growing demand for this leisure time activity.

He said that in the past 10 years, the number of persons going into the Wilderness Areas has tripled, and noted that recreation visits to all National Forests had increased from 35 million to 123 million in the same period.

"The surge in recreational use of the National Forests is not unique. Every place of outdoor recreation is feeling this same pressure -- and for some the pressure already exceeds capacity, and we can see the deteriorating effects of overuse.

"Yet I believe the pressure on our outdoor resources is only really beginning. These needs must be met, and the meeting of them will be one of the great challenges this nation will face in the decades ahead as the competition for available land intensifies.

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"The sheer weight of numbers alone provides us with some idea of the dimension of our task. Our population in three years will exceed 200 million people, and by the year 2000 we expect our population to reach 400 million. But numbers tell only part of the story. As our economy grows more prosperous, and as technology provides us with more leisure, the demand for outdoor recreation will increase even more rapidly.

"Let me emphasize that the need for outdoor recreation cannot be described adequately by numbers or by changing economic conditions. President Johnson, in the definition of American goals contained in his speech at the University of Michigan outlining the Great Society, put it in true perspective.

"The President said: 'The Great Society is a place... (which)... serves not only the needs of the body, and the demands of commerce, but the desire for beauty and the hunger for community...where man can renew contact with nature.'"

"The work of this club and its 64 counterparts in creating the Appalachian Trail as a place where we can renew this contact is a superlative accomplishment, and the nation will be eternally in your debt.

"This trailway came about through the effort of private citizens armed with great foresight. The magnitude of our task today in developing recreational resources will require not only private effort, but the full support of local, State and Federal Governments working separately as well as in partnership.

"The test must be what needs to be done...and not whether private efforts, or local Government, or State government, or Federal government shall be the only pattern by which we accomplish our task.

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"If the history of modern conservation proves one thing, it is that the American people have consistently followed the tradition that self-government of free man is a continuing experiment in which the goal is to get the job done.

"And from all I can observe, the coming breakthrough in recreational development is following the same pragmatic pattern.

"You can sense it in the number of serious legislative proposals now being considered by the Congress and by State legislatures; it is carried in the statements of county and city government officials who say that recreation needs loom increasingly large.

Secretary Freeman noted that the Wilderness bill to encourage preservation of primeval areas had passed the Senate, and that the Land and Water Conservation Fund bill to assist states to acquire pack and wildlife lands had been approved in the House.

"It can be felt in the growing recognition by thousands of farmers that the land can produce outdoor recreation as easily and as well and as profitably as crops or livestock.

"The recreation development provision of the Food and Agriculture Act of 1962 are helping to encourage more rapid private development of recreation facilities on farms, ranches and woodlands. More than \$7 million has been loaned to non-profit rural associations and to farmers for this purpose, and nearly 10,000 other farmers have received technical assistance to convert cropland to recreation uses.

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"It is present in the increased concern over the need to protect and enlarge wilderness areas and other primitive areas such as the Appalachian Trail.

"As Secretary of Agriculture, I have a personal interest as well as an official responsibility in the coming revolution in recreational development.

"In the past three and a half years, I have signed orders designating four Wilderness Areas totaling over two million acres, thus bringing the amount of land in these areas to over 14.5 million acres. Chief Cliff, acting under my direction, has designated seven additional tracts as wild areas.

"The Appalachian Trail passes through eight National Forests, and the Department is a partner in the Appalachian Trail agreement; our responsibility is clear-cut, but with or without that agreement we share with you a regard for the trailway as a major asset and provide for it in Forest Service management plans.

"The Department endorses the legislation now before the Congress to give official Federal protection and recognition to the trailway. The threat of encroachment by non-recreational interests cannot be met by private efforts alone, and the legislation to permit Federal agencies to acquire land or rights and easements to land from willing sellers becomes more essential.

"I look upon the growing support for recreation developments as a sign that we are beginning to move to meet this most important challenge.

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"For some, such as those who live in Appalachia, this activity can bring new prosperity where only poverty now exists.

"For others, we can insure that the beauty of the outdoors which appeals to the eye as well as to the soul will be preserved. There will always be...there must always be places like the Appalachian Trail and the Wilderness Areas where man down through the centuries can share a common experience -- that of a creature born to love cool streams, green forests, and all the life that fills them."

The Secretary paid tribute to Benton MacKaye, the father of the Appalachian Trail who, as a pioneer conservationist, conceived the trailway in the early 1920's.

"He is a unique man -- a modern man in the best sense of the word. He began his public career with the Forest Service when Gifford Pinchot was fighting to preserve the resource wealth of this country. He conceived the idea of the townless highway system which has today become the Interstate Highway System. He put down the first map plan for TVA, and the basic design of REA bears his stamp today. And, in developing the Appalachian Trail, he led thousands of people to voluntarily create the longest continuous open space on the East Coast today.

"There are many things we can learn from this great man -- who still makes Washington, D. C. his winter home -- but the one I would cite today is this: the preservation of our natural heritage is a pragmatic task."

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A Secretary of Agriculture doesn't always get an opportunity to speak at the right place, at the right time, on his favorite topics.

Tonight I'm batting a nice, firm thousand percent.

I like being in Graham Purcell's home District. I like being here when his friends are gathered to demonstrate the joy they find in his friendship. And I appreciate the opportunity to say some things about him, and about his work.

For nearly three years I have been a beneficiary of Graham's knowledge...his many abilities...his kindness, and his cooperation. I have known, with equal gratitude, his candid criticism and his gracious and inspiring encouragement.

Let's face it:

I am a card-carrying member of the Graham Purcell Admiration Society--and I consider it a select group despite the fact it is not an exclusive club. The membership is large, and still growing.

As long as Texas keeps giving this nation its Lyndon Johnsons and Graham Purcells, the State of Texas will be doing more than its share toward the maintenance of a peaceful world and a prosperous America.

An address prepared for delivery by Secretary of Agriculture Orville L. Freeman at a banquet sponsored by Wheat Association groups from Texas and Oklahoma to honor Rep. Graham Purcell, Vernon, Texas, Saturday, August 1, 1964, 7:00 p.m., CDT.

In the area of peace, Congressman Purcell works constructively to make our food abundance an instrument for President Johnson's use in advancing the cause of freedom throughout the world.

In the area of prosperity, Congressman Purcell headed the Wheat Sub-Committee of the House Committee on Agriculture which developed the 1964 Wheat Program. This program--this year--is enabling wheat farmers to earn nearly a half-billion dollars more than they could have earned without this legislation. This program--this year--is pushing hundreds of millions more dollars into the rural business communities which serve our farm families. This program--this year--is making Texas farm income 30 million dollars better than it would be without price support certificates.

Recently, Congressman Purcell was appointed to the Marketing Study Commission which will make a comprehensive study of our food marketing system from the farm through the plants and mills to the family dinner table.

The study has long been needed. We can all be grateful to the President for proposing it, and to the Congress for implementing the proposal. This Commission can, indeed, uncover new potentials for making our great food production-marketing-processing-sales industry return increased benefits to its various parts and to our consumers at home and abroad.

I know you join me in pledging to Congressman Purcell and the other Commission members our continuing interest and cooperation.

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The Marketing Study, actually, complements the three-dimensional program now in operation for farm families, consumers, and for rural people everywhere.

The three dimensions are:

1. Commodity Programs,
2. Consumer Programs, and --
3. Community Development Programs.

These are coordinated programs. They call for...and are receiving... initiative and cooperation at farm and family, community and county, and state levels. Each progressive step in one dimension strengthens the others.

I want to visit with you for just a little while about the Commodity Program phase of this three-pronged approach to improvement of opportunities for the American way of life--and the American standard of living--in rural America.

Here in Texas, where you are blessed with such a great wealth and variety of natural resources, you are familiar with both the benefits and the hazards of explosive production.

In oil, for example.

You realized, long ago, it is possible to pump more oil from the earth than immediate markets can consume in an orderly manner at stable prices.

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You know this wealth must be conserved...that over-abundance above ground can cause waste of natural and human resources...that pools of petroleum--unlike pools of water--cannot be replenished from the clouds.

So--to achieve orderly marketing and price stability--and with the aim of saving the unneeded portions of this great reservoir of energy and power to meet future demands--you adjust production in line with current needs and safe surface reserves.

You use the coordinating and cooperative powers of industry and government and people to insure that the ability to produce oil doesn't bankrupt the industry and wreck the economy of Texas.

What's true of our productive capacity for oil is also true of our productive capacity for a number of agricultural products--including wheat and feed grains and cotton.

We've been hearing a lot of talk in recent weeks about the mainstream.

There are differing versions of what the mainstream is, and where it is, and who's in it.

I like President Johnson's concept. The President this summer has been meeting with various groups of Americans--men and women representing business, industry, labor, education, agriculture and other areas of national life.

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He's been asking them to focus on their areas of agreement--asking them to reconcile those differences which can be dissolved with application of common sense--and then work together for the well-being of all of our people.

There is such a mainstream now in the approach to policy-making for the nation's agriculture.

There is, for example, almost-unanimous agreement that we have in this nation the capacity to produce in any year more grain than we need for domestic use, exports, and a reasonable reserve.

In the mainstream of agreement on this point we find:

1. The majority of farmers.
2. Every major farm organization.
3. The Republican Party.
4. The Democratic Party.
5. Independent farm economists and such independent groups as the National Planning Association.
6. The United States Senate and the House of Representatives; and,
7. The United States Department of Agriculture.

There is widespread agreement that in order to eliminate waste of resources and maintain farm income we must divert land to new economic uses, rather than just idling it, as quickly and efficiently as possible--and agreement that farmers must be given incentives to make such diversion.

In the mainstream of agreement on this point we find, again: The majority of farmers, every major farm organization, the Republican and Democratic Parties, farm economists and independent study and planning groups, the Congress and the Department of Agriculture.

There is unity in recognition of the problem.

There is a consensus that the problem must be solved.

And here's why:

In March of this year the Committee on Agriculture of the House of Representatives published a report on food costs and farm prices, and put the production-price problem this way--

"The basic difficulty in agriculture is that so many are engaged in the production of a single crop that individuals cannot measure their production so the whole crop commands a reasonable price in the marketplaces.

"The fact is," the Congressional Committee report bluntly stated, "American farmers as a group are capable of producing themselves into bankruptcy...except for the Government farm programs farm bankruptcy would be general today."

In June of this year the Agriculture Committee of the National Planning Association proposed a national farm program for feed grains and wheat. This is an independent committee, not tied to any farm or commodity or political organization. Its chairman is one of the most respected editors and authors in the farm belt--Lauren Soth of the Des Moines Register and Tribune. The chief economist of the American Farm Bureau Federation as well as the legislative director of the National Farmers Union are members.

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The fact this Committee limited its national farm program proposal to feed grains and wheat spotlights the importance of these crops in the total farm economy.

These crops use more than two-thirds of all the land in crops in the United States. In the United States, as throughout the world, they make up the most important segment of agriculture.

Our farm economy is truly a grain economy. Grains are the major element of food production. People eat them. They are the raw material for livestock products. Two-thirds of the income received by farmers comes from livestock and livestock products, and the base of this income is grain and grass. Grain is to agriculture what steel is to manufacturing.

"Sound national management of our grain industry," the NPA Committee emphasized, "is the most important single element of a sound national food and agriculture policy."

The Committee examined three choices:

1. Unrestricted production, with no government payments or price supports going to farmers.
2. Compulsory production control, and,
3. A voluntary crop acreage restriction program, with payment incentives for participation and price support loans.

This independent policy group, in comparing costs and benefits of the three types of action, wasted no time in dismissing the first choice. It explained:

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"A study by Iowa State University and Oklahoma State University concluded that, with unrestricted grain production, net farm income would decline from \$13.3 billion in 1962 to \$7.6 billion in 1967. This calculation was made under the assumption that the Food for Peace program, export subsidies, and a modest grain storage operation would continue. It was also assumed that other government programs in food and agriculture would be unchanged.

"The cost of government programs for feed grains and wheat would decline from about \$2.5 billion a year to \$1.2 billion, and the total cost to the public for food would be slightly lower. However, this gain for consumers would be at the expense of extreme hardship among farmers--a 40 percent decline in net farm income below the current level. It would risk severe damage to the farming industry, bringing unfavorable consequences to the productivity of agriculture in the long run."

This, too, is now a national consensus. And general recognition of the potential for farm disaster puts everyone--or nearly everyone--in the mainstream of opinion that commodity programs are essential not only to farm welfare, but to the national welfare.

This Administration, and the Congress of which Graham Purcell is a part, have established and operated such programs.

We have sought--and I believe successfully--to avoid being hard-nosed in facing up to farm commodity problems. Action has been marked by versatility, and flexibility. Where possible, emphasis has been on self-help. We have encouraged farmer-controlled marketing orders, have encouraged the more effective functioning of farm co-operatives.

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The size and distribution of our grain acreage, and its importance to the whole agricultural economy, makes it an especially tough nut, and while the mainstream is well occupied by those who feel it must be cracked--there's some difference of opinion on how to crack it.

But the differences are not as great as the sound and the fury often attached to commodity programs might indicate.

The Congress and the Administration decided to offer the nation's wheat and feed grain farmers a combination approach to production management and income stability--a combination of land retirement and land diversion to new uses with incentive payments that help finance the shift plus price-support loans.

The mainstream of support has been substantial. It includes the National Wheat Growers Association, National Farmers Union, National Farmers Organization, National Grange, National Corn Growers Association, and a variety of commodity groups.

The only major farm organization consistently at odds with the majority is the American Farm Bureau Federation. I feel the Farm Bureau leadership has been wrong in its largely-negative opposition to actions on which there has been substantial majority agreement--but the fact it can move out of the mainstream toward the shore and even walk on the banks if it wishes represents one of the great values of our society.

I would welcome its return. The water's fine.

The American Farm Bureau took the lead in opposition to the wheat program provided by the Congress in the Food and Agriculture Act of 1962.

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This law offered wheat producers alternatives, and they could make the choice between them in a referendum by secret ballot. One choice was a 50 percent of parity price support. The other would have continued the marketing quotas consistently approved by farmers in prior years, with the addition of a new price support mechanism--certificates--that would provide higher price supports while reducing farm program expenditures.

The Farm Bureau urged farmers to vote down the Marketing Quota-Certificate proposal.

I recommended they vote for it.

I can appreciate a hard fight--and the Farm Bureau did conduct a vigorous and successful "No" vote campaign.

But--let me emphasize this fact: The referendum vote did not represent a radical movement from the mainstream.

Farmers did not vote against the idea of supply management and price-support procedures. What's more, the referendum result was obtained largely with the promise that if this program were rejected a better one would be passed by Congress.

No effort was made to convince the referendum voters they would be better off with no wheat program...better off with a policy of unrestricted production with no price supports...better off without a Food for Peace program or commercial export promotion.

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The record is clear. The Farm Bureau told the farmers to vote one program down while promising another to replace it. Farmers were not urged to move out of the mainstream.

There was one fly in that ointment, however. The people pledging a new program just didn't have the votes in Congress to fulfill it--nor did they submit an alternative that could win the support of other farm organizations and commodity groups.

If wheat farmers were to be pulled off the hook, it was up to their representatives in the Wheat Growers, Grange, Farmers Union, the Administration and--most of all--in the Congress to do it.

It was at that point Congressional leaders, including Graham Purcell in the House, moved. And they moved with the conviction that neither farmers, the rural economy, nor the national economy could afford the hundreds of millions of dollars in losses the referendum result would have inflicted. They moved with the conviction that the thousands of farmers who have voted their approval of the proposed wheat program, as well as the thousands who voted disapproval only on the promise of a substitute program, deserved a new opportunity to protect their livelihoods.

And this Administration proved again it is not entrenched in any narrow line of action, that it can accept with grace the political and economic facts of life, and is dedicated to serving the farm economy--not managing it.

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Believe me--the way to be happy as Secretary of Agriculture would be to have no commodity programs at all. If a Secretary of Agriculture could be involved only in planting trees in the national forests and suggesting that everyone drink plenty of milk and making pretty little speeches before afternoon tea groups, he would have the best job in government.

To tell the truth, I've been trying to work my way up to that kind of a job.

And as evidence of that fact, I would point out that we have succeeded in reducing the 84-million ton feed grain surplus this Administration inherited down to 70 million tons. The wheat carryover has been reduced from 1.4 billion to under 900 million bushels. And the resulting savings to taxpayers amount to \$275 million a year.

But we must have commodity programs until the day comes when there's a better method of protecting our family farms and our national economic and physical health.

And so we have a wheat program for 1964 and 1965--a good program.

It is no secret to you, or to me, that the minority that opposes commodity programs in general--and a decent price support structure in particular--has kept this wheat program under heavy critical fire.

They charge that the Wheat Certificate Program of 1964 does these things:

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1. It denies freedom to the farmer.
2. It depresses the price of wheat for the producer.
3. It creates a bread tax for the consumer.

The loss of freedom charge is pure poppycock. The Wheat Program is voluntary. Any farmer can take it or leave it.

Those who charge freedom is being violated always have a vague source for the violation--they never point out that the law they dislike has been created through democratic processes and achieved by majority vote.

I don't want to embarrass Congressman Purcell, but I want to point out that he is representative of the quality of men and women who have won positions of leadership in public service.

He has utilized our educational system to acquire two degrees. With Mrs. Purcell, he shares responsibility for the health and welfare and intellectual and spiritual development of their children. He served our country in war, and remained in the active reserve. He has been a judge, charged with seeing that adults and children have the benefits of due process of law when they became involved in violation of law. He has had a continuing concern with the welfare of all children as a public official and leader in the Boy Scout movement. His neighbors twice have named him their outstanding citizen.

Saying that Graham Purcell, or those like him in and out of Congress, oppose freedom is like saying there are no Swedes in Minnesota... or that Texas isn't deep in the heart of President Johnson.

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Commodity programs are not denials of individual or group freedom, unless one considers bankruptcy a precious right which all men should practice.

Commodity programs do not depress farm income--the opposite is true, and is on the record. Since 1960 net farm income has been running between 800 million and a billion dollars higher than it was that year -- and the commodity programs are in substantial measure responsible for the gains.

We have a voluntary wheat program.

Wheat growers, at planting time, were free to put seed into as many or as few acres as they wished. They were free to choose between two price structures--one related to the world market alone, the other related to the world market plus price support payments, or certificates.

The grower who wanted price guarantees diverted a part of his acreage to other uses than wheat production--he traded fewer acres for a guarantee of better income.

The grower who didn't want to make the trade gets what he was trading for at the time of seeding decision.

Had there been no choice offered, every producer, regardless of how much or how little he planted, would have been in the same world price boat.

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The result of offering a choice is between \$400 and \$500 million on the plus side rather than \$600 million on the minus side.

This program does not deny freedom to farmers, nor does it depress farm income.

And it does not institute a bread tax.

The Certificate plan of financing the program avoids shifting a substantial fiscal load to the Federal treasury, without providing any basis for upping the retail price of bread in terms of the cost of wheat to our flour millers.

If the price of bread at retail is advanced over the average of recent years, it will have to be for some other reason than the cost of wheat--because the wheat cost will continue to be at levels of recent years.

We have, and are operating, sound commodity programs.

They are not perfect.

There is within the Congress and the Administration the constant will to seek perfection--to do the best possible job of helping farmers produce abundance without waste, at fair returns, and at minimum cost to the nation's taxpayers.

Those who share those goals are in the majority, in the mainstream.

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C. R. AG
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U. S. Department of Agriculture
Office of the Secretary

serve
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I want to congratulate you on the swiftness with which you work.

One day this organization calls itself the National Association of Compensation Claimants Attorneys...and on the next day you become the American Trial Lawyers Association.

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AUG 19 1964

How do you do it?

C & R-ASF

I have tried for three years to get the name of the Department broadened to read the Department of Food and Agriculture...but without success.

Perhaps I can get some of your expert name changers to do some lobbying for me.

I am not here, however, to discuss titles. But I am here to discuss food...the abundance of food with which the American people are so richly blessed.

I want to relate it to some of the far reaching and irreversible changes which are going on in our country today...changes which reflect the scientific, technological and productive revolutions of our times, and the increasing potential for abundance in agriculture and all areas of endeavor they make possible.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman before the annual convention of the American Trial Lawyers Association (formerly the National Association of Compensation Claimants Attorneys) at the Americana Hotel, New York City, N. Y., Thursday, August 6, 1964, 9:00 p.m., EDT

President Johnson referred not too long ago to the wealth these revolutions are producing when he spoke at the University of Michigan and said the American goal is to attain the Great Society.

And the Great Society, he said, is the challenge of "whether we have the wisdom to use the wealth to enrich and elevate our national life -- and to advance the quality of American civilization."

He spoke again of this potential abundance recently at the White House in somewhat different terms when he met with a group of educators.

The President said "the most prosperous, the best housed, the best fed, the best read, the most intelligent and the most secure generation in our history, in all history, is discontent."

The reason, he said, is that we have not put the resources at hand to the fullest use.

"Our cities show it. Our schools show it. Our rural areas show it. Our rivers and streams show it. The edges of our society show it. This is the source of our discontent."

This discontent...this fear and uncertainty is felt in the minds of many people. Some are farmers who have seen the neighboring farm disappear as production soared and prices dropped. They fear they are next. Some are the workers who have seen machines replace jobs at the next bench or in nearby shops. They fear they are next. Some are people who know only discrimination, and the poverty and deprivation it brings. They fear it will never end. Some are people who know only that their children, like

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their parents before them, are cut off from prosperity. They fear there is no escape.

These fears are real for just one reason -- the failure of this generation to make full use of the power for good generated by the revolution of abundance.

Many of us, I know, have recognized for some time that a gap has been growing between what could be done with this potential and what was being done.

Five years ago, when I spoke as Governor of Minnesota at your annual convention in Miami, I discussed then the challenge of plenty -- and my voice was but one of many that spoke of this challenge.

As Secretary of Agriculture during most of the intervening years since 1959, the challenge of plenty has occupied my time almost daily, if not hourly.

Thus, I want to speak now on what I know best...to relate to you some of what has been done to begin making full use of our food abundance... and some of what remains to be done.

Some of you may question whether this is the place to discuss the responsibilities of a nation blessed with so much food and so great a capacity for producing this abundance...and I say there is no more apt forum.

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This is so because this organization is concerned with helping people achieve the better life, and it is guided by two strong principles -- humanitarianism and sharing -- as it seeks this goal.

NACCA, or now ATLA, is humanitarian in its real concern for people, in its desire to help the unfortunate, to compensate the injured and disabled through the "adequate award", or even the "more adequate award". To aim at adequate compensation for loss and injury presupposes a deep feeling for the fundamental worth and dignity of every human being.

ATLA exemplifies the philosophy of sharing by making available to every aspirant the highly developed techniques of the skilled trial lawyer. Thus the term demonstrative evidence has become almost a household word. As a result hundreds of lawyers, among whom I gratefully include myself, have been able to represent better thousands of injured people.

The strong current of concern generated by the spirit of humanitarianism and sharing among the American people has been a key element in obtaining the public support necessary for the progress we have made in putting abundance to better use. Further progress will depend heavily on the support given to these efforts by articulate Americans who live in the cities and suburbs.

The final reason why I believe a speech on policies of food use is appropriate for this organization is the need for more understanding... for wider appreciation...of the creative opportunities which the power of abundance holds for this nation. And I need the persuasive skill and the dedication to humanity which each of you possess to help carry this message.

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When I spoke to you in August 1959, the American farmer, on the average, supplied enough food and fiber for himself and 20 other people. Today he produces enough for himself and 29 other people.

In August 1959, there were about 4 million low-income Americans receiving a meager handful of surplus food to supplement an already inadequate diet. At the same time our warehouses were bulging with over \$5 billion worth of wheat, rice, dried milk, corn and other foods. This paradox of want in the midst of plenty has changed for the better.

Five years ago, about \$1.3 billion worth of surplus food a year was being shipped overseas and sold for foreign currencies, but little thought was being given to the constructive use of food as an instrument of economic development. This, too, has changed for the better.

Looking back to early 1961, there has been progress...and for that we can take some satisfaction; but the road ahead will not be smooth or easy.

In 1961, when President Kennedy issued his first executive order, he directed the amount and quality of food being made available to needy people to be doubled.

At that time...it was in the winter of the year...only five items were being made available to State governments for distribution to the needy. They were flour, cornmeal, rice, dried milk and lard -- hardly a generous response by a nation blessed with abundance.

We moved immediately to add butter, peanut butter, canned meat, dry beans and dried eggs -- for a total of 10 food items. All the new items were in surplus, or could easily be processed from surplus stocks.

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Today, a total of 15 food items are being made available to State governments. We have added, in addition to the 10 items, rolled wheat, corn grits and bulgar. Cheese is now available and we have added recently a second meat item -- canned beef.

So far this year about 6 million persons are receiving this direct supplement to their food budget each month. The peak load for this program came in 1962 and early 1963 when about 7 million persons each month were being served...as compared to fewer than 4 million in 1960 before the nation's generosity began to match its ability.

President Kennedy followed swiftly on his first executive order with instructions to initiate the pilot Food Stamp Program. The overwhelming success of this effort to increase the food purchasing power of needy people led President Johnson to propose the Food Stamp Program as an essential part of the war on the Nation's poverty. The response from the city and urban areas has been overwhelmingly favorable. Both Houses of the Congress have passed the legislation, and the bill now rests in the Rules Committee of the House awaiting action to settle minor differences between the Senate and House versions.

Currently, the program is being operated in 40 counties and three large cities scattered among 22 states. Our studies show that, among other results, food purchases are significantly increased and diets have been improved substantially among participating families. Retail food sales in the project areas have increased an average of 8 percent. The overall economy of the areas has been strengthened with the new income and the new jobs which food stamps help create.

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This is the kind of response to the challenge of plenty which must increasingly become the pattern if we are to make full use of our abundance of food and fiber at home.

What better results can be achieved than to expand the markets for farmers, improve the business of retailers and extend to every American the opportunity to obtain an adequate diet?

This is what can happen when the power and force of plenty is constructively released...when the promise of abundance is used as a tangible instrument for greater prosperity and sharing.

This same promise is being realized through other Federal, State and local programs to insure greater access to food abundance. In the last year, we have initiated special school lunch programs in regions where low incomes have made it too costly even to provide hot lunches in public schools. Today, school lunches are being served to nearly 50,000 children in schools which never before could provide the children with hot meals.

Thus, the school lunch program, which has grown from 12.8 million students in 1960 to 17 million this school year primarily because there are more children in the participating schools, is being expanded to reach students who once were or are now excluded but who stand the most to benefit because their need is the greatest.

In Kentucky, last fall we began a sustained effort to speed up an enlarged school lunch program with the result that nearly 300 schools with 7,500 students had school lunches for the first time. Parents, local townspeople all pitched in. Mothers did the cooking, and in some cases the

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teachers prepared the meals. Sheds were converted to kitchens, and old but serviceable stoves and refrigerators were donated. Malnutrition became less of a problem and students found learning easier.

The effort to realize more fully the potential for abundance is not limited to domestic programs. Hunger is a world-wide challenge...it speaks with a common rumble of the stomach, and food is the only answer to which it responds.

Since the end of World War II, the people of the United States have responded generously to the threat of hunger...as a result we have not witnessed widespread starvation in the post-war period.

In 1954, with the enactment of P.L. 480, we began an effort to share our food surpluses on a regular basis with those countries where their developing economies had not reached the point where they could buy for dollars the food they needed.

Altogether about 130 million tons of food have moved abroad under this legislation since 1954, or more than \$12 billion worth.

Yet, in spite of this sharing...and in spite of the modern technology of food production which is available...the world today remains half hungry. Some 1.6 billion people live in countries today where people do not get enough food to maintain health and normal day-to-day activities.

In fact, a study we made in the Department in 1961 indicates that if anything, the food deficit in the world today has continued to grow... even though on an average day there are five 10,000 ton ships leaving American ports loaded with foodstuffs through the P.L. 480 legislation.

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USDA 2625-64

In addition, by 1960, the P.L. 480 program had begun to lose momentum. While the world grew hungrier, our sharing had begun to level off. We still considered it mainly as a device to move surpluses.

These were some of the considerations which led President Kennedy in 1961 to establish the Food for Peace program...to make P.L. 480 more than an emergency relief operation.

We were concerned then, as we are now, with the paradox of increasing agricultural productivity at home while the food deficit among developing nations in Asia, Africa and Latin America continues to grow.

Given this abundance of food on the one hand and the need for food and desire for development on the other, we have sought to construct the basic elements of an entirely new kind of international aid -- sustained food aid through Food for Peace.

Under this program the idea that food aid can be an integral part of long-term development planning has begun to take form.

The basic precepts are simple.

*The sharing of food is morally right. Hunger is intolerable; abundance makes it inexcusable.

*We cannot expect low income, subsistence oriented economies to be good commercial markets.

Thus, in the Food for Peace program we are combining two of the pragmatic elements of the uniquely American character -- a sense of humanity and a strong measure of practical, long-range, self interest.

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Let me describe some of the steps we have taken.

We have placed stronger emphasis on Food for Peace sales agreements of more than one year duration. In the first three years of this Administration, 12 multi-year agreements have been made, thus enabling food aid to be phased into the long-range development programs of these countries.

We began using a long dormant provision which authorizes long-term dollar credit sales -- up to 20 years at low interest rates. Currently, 18 countries have signed long-term sales contracts totalling \$263 million.

In many respects, the Food for Peace program was suffering from the same problem as the domestic food sharing program -- the number of food items available were restricted, and the effectiveness of the program was suffering. We have added bulgar, rolled oats, rolled wheat and vegetable oils.

As a result of these stepped up efforts, Food for Peace shipments during the past three years have averaged \$1.6 billion annually, or about 17 percent higher than in 1960. During the same period, commercial food exports increased substantially -- rising this past fiscal year to a record \$4.5 billion, or 35 percent above 1960.

The stepped up Food for Peace program goes into 114 countries and territories, and while there is no estimate of the total number of people being reached, we know that over 100 million persons, a 60 percent increase in three years, are being fed through the efforts of voluntary agencies alone working through the Food for Peace program.

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Numbers alone do not tell the real story of the shift in emphasis in the Food for Peace program from meeting emergencies to food aid in economic development. This is a dramatic and compelling story of sharing to help others raise their living standards with the long range view of creating new markets in which American farmers and businessmen can compete. And it speaks louder than words of the success of Democracy and the failure of Communism.

U. S. food helps to combat inflation in those places where food output lags behind public demand by filling the gap and preserving the effects of income growth. It also contributes to price stability by enabling the less developed countries to maintain reserves which can be used to offset poor harvests. India, for example, has relied heavily on food reserves made available under Food for Peace to stabilize prices...and U. S. food will again be the key instrument in breaking the current price inflation in food which India faces.

Local currencies which the Food for Peace program generates are being used extensively in loans and grants to finance development projects, particularly in agriculture, education, transportation and public health.

A portion of these local currencies also are set aside for loans to private business. The lack of capital in the developing nations, more than any other factor, places a severe restraint on investment and growth.

By 1963, loans equivalent to some \$150 million had been made in 31 countries to some 232 business enterprises, with particular emphasis in Turkey, Israel, Pakistan and India. Substantial funds are still available for private business expansion.

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The major new innovations in applying Food for Peace to the problems of economic growth during the past three years have emphasized employment and education.

Currently, some 600,000 workers with over 2 million dependents in 22 countries are receiving partial wages in the form of foods produced by the American farmer. The use of food for wages gets at some of the basic problems in developing countries. Hungry people unable to buy food, can earn their daily bread directly. Idle labor is constructively mobilized. Hungry children are fed. Food is converted directly into capital expenditures, and vital capital improvements are made.

Generally, individual workers receive half to two-thirds of their daily wages in food while the individual country provides the remainder in local currency.

In Tunisia, food wage projects provide full-time employment for 200,000 workers on some 4,000 projects. Land is being cleared for farming, while less fertile areas are being reforested. Roads, water conservation structures, schools and health clinics are being built. Thus far, we have provided some 115,000 tons of wheat as wages in this program.

Similar examples of progress through food for wages can be found throughout the world -- including projects in Brazil to clear and settle new lands; reforestation in Algeria; flood control, land reclamation and irrigation projects in Taiwan.

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In Pakistan I had the personal experience in 1961 of pledging U. S. wheat as wages to the mayor of a village if he would get the men of the village to build a school. He accepted, and the school -- the first in that village -- now is providing the children with the invigorating experience of education. In the following year, Food for Peace funds earned in Pakistan were used to construct some 2,000 schools throughout the nation, thus assisting 300,000 Pakistani children to enter school for the first time.

Raising the level of literacy is one of the most pressing needs in all the developing countries, for literacy is a precondition to growth and development. Farmers who cannot read will be unable to apply the fertilizer which will help them grow more food. Thus, in addition to stimulating the construction of schools, expanding the availability of schooling has been given a high priority under Food for Peace.

We have found this can be done most effectively through the international school lunch program -- which today is reaching some 40 million school children with at least a daily lunch of food from the people of the United States. When the school lunch may be the only complete meal a child receives, school attendance invariably improves. School lunches doubled attendance in rural schools in Bolivia and Peru.

This school lunch program is receiving major emphasis in South America -- as Operation Ninos under the Alliance for Progress banner. In 1964, for example, about 12 million children -- one-third of school age Latin Americans -- will participate in a massive child-feeding program.

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It is a simple truth, but better diets lead to better health which in turn leads to better academic performance. For the want of a meal, the lesson was lost; for the want of a lesson, the educated child was lost; and for the want of educated children, the growth of the economy was lost; and for the want of economic growth, the opportunity to develop commercial markets was lost.

There is satisfaction enough in the accomplishments under the Food for Peace program which help make life better for millions...and which create new opportunity for millions of more people. But, when all those around us prosper, then we also prosper...and this is especially true in this instance.

In those countries of Africa and Asia where the annual income is less than \$100 per person, our commercial sales of farm products per person are counted in pennies, not dollars.

Yet in a country like Japan, where income per person is \$315 annually, we sell \$4.19 of farm products per person each year. Interestingly, Japan a decade ago was the major Food for Peace recipient...and today this nation is our largest cash customer for farm products.

In Western Europe, with yearly per person incomes averaging \$783, we sell \$5.41 worth of farm products annually per person. Canada, with an average annual income of \$1,589 per person, imports over \$23 of food products per person each year.

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USDA 2625-64

The major dollar customers for U. S. food are countries which contain only a fraction of the world's population. The vast populations of Asia, Africa and Latin America represent massive potential markets, but only if economic development can be sustained.

Food for Peace thus has become a major economic instrument in our foreign policy to help the developing countries grow.

On such details as these rests both the challenge and promise of abundance. What has been accomplished shows that it is within our capacity to master the revolution of abundance which science and technology have caused...and to apply its wealth creatively to solve the problems of our time.

We have, however, made only a beginning...and the full realization of that promise will require the continued support by all Americans of the pragmatic efforts to pioneer in this new world of abundance.

Are we willing, for example, to make the Food Stamp program available to every American in need...we can if we want. There are one million school children in this country who need a free school lunch. Will they receive it? Should elderly couples over 65 be subjected to a means test in order to be eligible for food assistance? Is this the response of an affluent society? Migratory workers, because they lack resident status, often are denied food assistance. Should this be?

Would the American people be willing to enlarge the Food for Peace program? Should we assist the voluntary agencies more effectively to expand their feeding programs among needy people abroad?

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One of the great bottlenecks now blocking more effective operation of the Food for Peace program is the lack of adequate distribution facilities in many nations. Marketing systems simply do not exist except in large cities. Will we help?

I believe the American people will accept the challenge if they understand better the responsibilities of abundance. Certainly the "demonstrative evidence" which we have accrued in the past five years indicates that the case for abundance may not be as difficult as we had once thought.

I urge you to help me carry this story to the people. While the evidence is strong, theirs is the final verdict...and they have not, as yet, cast their ballot.

Their verdict will decide whether we begin to make full use of food abundance so that a nation with more than enough can insure every citizen an adequate diet...and can provide that a hungry world seeking to attain what we have achieved will not be turned away.

And in the end, the verdict of history will speak of the age of abundance as the beginning of the greatest era yet witnessed in the history of civilization as it triggers our advance to the Great Society, we have the resources to build.

If you help win this verdict...you will be repaid by a brighter hope for a world which is safe for freedom and secure in peace.

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U. S. Department of Agriculture
Office of the Secretary

12, 1964

People often tell me the farm problem is too complex...too difficult to understand. On occasion I tell them the farm problem is very similar to the problems of county officials. I deal with either too much food, or not enough. Your problems are those of too many people, or too few.

Two years ago, when I had the pleasure of addressing this organization's Grazing, Water, and Revenue conference, I tried to describe for you some of my thoughts about the changing character of rural America.

I said then that the scientific and technological changes in agriculture were coming so swiftly -- and continue at such an unbelievable speed -- that most people can no more describe rural America today than they could the surface of Venus.

Rural America has achieved in agriculture the outstanding example of productive success in the history of man...and yet harbors more poverty than all the metropolitan centers put together; its success in agriculture is one of the strongest instruments we have for bringing peace to a troubled world...yet young people leave rural America for want of adequate opportunity.

To these contradictions, I would like to add some that appeared in a recent issue of your official publication, The County Official.

Address prepared for delivery by Secretary of Agriculture Orville L. Freeman at the 29th annual conference of the National Association of Counties, Sheraton Park Hotel, Washington, D. C., August 12, 1964, 2:30 p.m., EDT

"Paradox and contradictions crowd the landscape in the 2,700 'non-urban' counties where 54 million people still live. Change is everywhere at work. A new way of life is rapidly emerging.

"The birth rate is higher on the farm than in urban areas. So is the unemployment. The prevailing wage rate is lower. In a decade of unprecedented national population growth, 1,500 rural counties lost population.

"In eastern Kansas," the article continues, "one county is dying out, its businesses closed, for sale signs hanging everywhere, the streets deserted except for one weary, over-age farm truck.

"Meanwhile, the adjacent community is booming. Water mains are being laid, and neat new family homes, financed with loans from Farmers Home Administration, are being built at a quality and price that any suburbanite would envy."

Let me expand that list with some more paradoxes which perplex and confuse all of us.

We have learned how to produce abundance -- but not how to use it effectively and fully.

We have the food and the technical skills to produce it which are adequate to the task of eliminating hunger -- but millions are malnourished.

We have the capacity and resources to educate not some of our youth but all -- and yet we are not doing it.

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We have the means to furnish ample medical and hospital care for the young and old alike -- but many are denied adequate care.

We can provide ample opportunities for gainful employment -- but millions of our people cannot find jobs.

We can wipe out poverty -- but nearly one family in five still has an income of less than \$3,000 a year...and half of those live in rural America.

With these contrasts and paradoxes, I would put this final one, for it together with the others, describes the revolution now underway in rural America. There are today nearly 100,000 rural residents, including most of you here today, at work in 2,100 rural counties employing local, State and Federal resources to create the conditions of economic growth. And yet there are those who say we must not use the power and wealth of this nation through public measures to begin attacking the problems that trouble us.

The challenge implicit in these paradoxes and contrasts is the potential they contain for building on the good and eliminating the bad.

The time to rebuild...the time to remake...the time to recapitalize rural America is here.

The resources necessary for the task are at hand.

Now, at long last the leadership to lift up this Nation in a united effort is at hand.

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President Johnson in his call for the Great Society...and in his recognition that the wealth and resources of an abundant society can build for all people a new dimension in the way we live challenges all of us... but he challenges most of all you the responsible local leaders who must be the spark plug if we are to find our way.

This week, while this conference was meeting, the Congress enacted and sent to President Johnson the legislation to begin the war on poverty. The same day it passed legislation establishing the Food Stamp program as a permanent instrument to share our food abundance with the needy. This legislation is the opening phase of what promises to become the greatest period of growth in the nation's history.

This growth can come...and will come...because the Great Society calls for a commitment to wipe out poverty and a commitment to build a better life for all. It requires that the great outdoors be preserved and made available for the enjoyment of all...that the services which enable some to enjoy the extra conveniences of life today be extended and expanded to reach all people...that our educational resources should be adequate to not only provide the knowledge with which to earn a living but the wisdom to enjoy a full life as well -- all these items and more are part of this total commitment to build the Great Society.

But the Great Society will be attained only as rural America is built up to provide a standard of living which will give the people who live there the same opportunities that are enjoyed elsewhere.

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Only as the paradoxes and contrasts now found in rural America are eliminated will the Great Society be attained in all America.

I am both optimistic and confident that this can be done...for as the voice of leadership rings loud and clear in the President's office, it also is heard in the counties and communities throughout rural America.

Even a quick review of the subjects and issues being discussed at this conference demonstrates that you are aware of the needs in your counties...and that you are moving ahead to meet them. I have read the articles in your magazine in May, June and July on the efforts to build rural America. The grasp of the problem and the leadership outlined there is both encouraging and impressive.

And there are others who, like yourselves, are concerned with the challenge presented by the paradoxes of rural America. I speak of the more than 100,000 local citizens who are leading the Rural Areas Development effort in some 2,100 rural counties to utilize a series of Federal, State and local programs which provide technical and financial assistance to locally developed projects, both public and private.

The efficient use of the most scarce resource -- skilled and trained people, together with public and private capital, mostly in loans -- is helping to bridge the gap between thinking about a problem and doing something about it.

This program to rebuild rural America requires cooperation between private citizens and Government at all levels -- local, State and Federal. In this endeavor, the Federal Government is a willing junior partner.

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It is typical to speak casually about levels of Government, but as you well know there is no easy description for the relationship between local, State and Federal government. Some people seem to regard them as layers of a cake, each separate and distinct and each functioning in its own little compartment.

Government in the United States is not, if it ever was, a three-layer cake. Instead it is more like a marble cake with the strands of governmental functions, like the pieces of chocolate, intertwined from top to bottom. This pattern did not emerge full blown as a brilliant concept of some political genius. Quite the contrary. In typical American fashion it evolved piece by piece as you are developing programs here -- this week always searching for the best answer to the practical, pragmatic question of "What works best?"

The experience of the past three years alone would indicate that we are finding answers to that question. And those answers are the basis for my optimism and confidence that you and thousands of other local leaders will build the Great Society in your own back yard.

One of the greatest assists by the Federal Government are loans which will be repaid. Let me cite some examples from programs within the Department of Agriculture which illustrate specifically how the pragmatic marble cake of government is working today. Some of these programs are new, others are expansions of older programs; most are a product of legislation enacted in 1961 and 1962 by this Administration.

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In the fiscal year just ended, some 271 water system loans were made in communities to bring pure, safe water to 162,000 people. The loans totaled \$34 million, a 131 percent increase over the previous year and 48 times greater than just four years ago.

During the past year \$6.5 million in recreation loans were advanced to 63 communities to help finance non-profit community recreation facilities ranging from golf courses to public swimming and picnic sites. Since the Congress authorized this program in 1962, we have had many requests for information and assistance, and have provided 82 loans to communities totaling \$7.9 million.

In the past four years, the number of small watershed projects authorized for construction is almost double the total number authorized in the previous six years. Some 396 projects -- with about one-fourth of them providing either recreation, community and industrial water supplies or wildlife preservation -- have been approved for construction.

In 1962, the Congress broadened the loan program for rural housing to include the elderly citizen as well as families not in farming. In fiscal 1964, rural housing loans totaling \$132.5 million were made to 14,400 families and individuals, including \$8.1 million for construction and modernization of homes for the older citizens and farm laborers. This represents a 229 percent increase in housing loans since 1960.

The Rural Electrification Administration, which provides low-cost loans to locally owned power cooperatives all over this country last year made loans totaling \$261.5 million for both expansion and improvement

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of power systems and for generation and transmission of power. And last year, as these investments in improved service were being made, over 111 rural electric co-ops reduced power rates which will mean savings of \$2.5 million to rural citizens.

The rural electric cooperatives have been very active in the development of new business and industry in rural America as part of the Department's Rural Areas Development effort. Since mid-1961, when this program expanded on a major scale, at least 937 commercial and industrial enterprises have been launched with help from the rural electric co-ops. These enterprises represent a total investment of three-quarters of a billion dollars and have created, directly and indirectly, an estimated 160,000 jobs. The number of new enterprises launched during 1963 was 25 percent greater than in the previous 18 months.

Loans and technical assistance programs are not the only area where the USDA is increasing its Rural Areas Development effort. In many counties where timber is the only crop that can be harvested, the Forest Service has stepped up the volume of timber being cut -- thus increasing the amount of work as well as the revenue that goes to local governments. Last fiscal year, the volume of timber cut reached 10.9 billion board feet -- a new record.

As you know, RAD is built around the concept of planning. The core of local RAD efforts is the overall economic development plans which each rural county or area makes. These plans have now been developed in 1,217 of the counties where local RAD groups are active.

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Much of this activity has been underway only within the last three years, and so there sometimes is a lack of effective coordination and cooperation between local RAD groups and County government. This must be corrected. I assure you that we will bend every effort to build on the good relations which have developed, and will seek to strengthen coordination as development programs are implemented.

Financial and technical assistance at local levels is also available from other agencies and Departments of the Federal Government. The Area Redevelopment Administration provides five different types of programs, and they have been used to date in about 870 rural counties. Two hundred and twenty-nine industrial and commercial projects have been initiated in rural counties through ARA loans totaling \$95 million. Loans and grants have been made for 101 public facilities, including \$37 million in loans and \$24 million in grants. Over 370 ARA occupational training projects have been approved by the Department of Labor in rural counties for the training or retraining of over 14,135 workers, and a substantial portion of the subsistence payments under the program have been allocated to trainees in rural areas.

The Manpower Development and Training Act has assisted or is assisting nearly 170,000 persons to develop new job skills. While most of these projects tend to be located in urban areas, an increasing number are being set up in rural counties to reach those who need this kind of help.

Soon there will be increased vocational education opportunities. Last year the Vocational Education program was strengthened to extend and

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improve existing programs, to develop new programs and to provide part-time employment of youth who need jobs in order to continue their training. Generally, there is much greater flexibility, as well as a keener awareness of vocational educational needs than was formerly the case.

To this brief recounting of the Federal programs of grants, loans and technical assistance to the local communities could be added similar expansions in programs for libraries, hospitals, sewage facilities, airports and small businesses, all of which contribute to the health, welfare and economy of counties throughout the nation.

What I have described in general and stated in specifics are part of the overall effort of this Administration to make available to local communities and counties supporting resources so you can build the Great Society we seek.

All these programs are contained within four goals or targets we seek for rural America:

...to increase the number of fully adequate family farms, for agriculture remains the economic backbone of rural America;

...to create a wide range of jobs and economic opportunities through conserving water and soil resources, through recreational development, through industrial growth and all other means which will enable people to work and live and play in rural America under the same or better conditions than prevail in the city. Economic pressure should no longer force any American citizen to decide where he must live.

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...to train and rehabilitate the former sharecroppers, the ex-miners and others in new skills that will allow them to share fully in the benefits of an abundant society;

...and to build in Rural America the public facilities which make a modern community.

President Johnson said not long ago that "In our national character, one trait has run unbroken. That is the trait of putting the resources at hand to the fullest use -- to make life better tomorrow for those who follow."

There is no better description of the response you are making to the problems which you face.

You are indeed constructing the Great Society. Your Federal Government is eager to help, for your goal is our goal...your resolve is our resolve...working together with confidence and determination we can indeed build a better world for all mankind.

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Office of the U. S. Secretary of Agriculture

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Note to Editors: This background statement by Secretary of Agriculture Orville L. Freeman reports on the sales of wheat to Russia last winter. This follows progress reports made in January and February, 1964.

Secretary of Agriculture Orville L. Freeman said today the Soviet Union has made the final cash payment for the wheat it purchased in this country in late 1963.

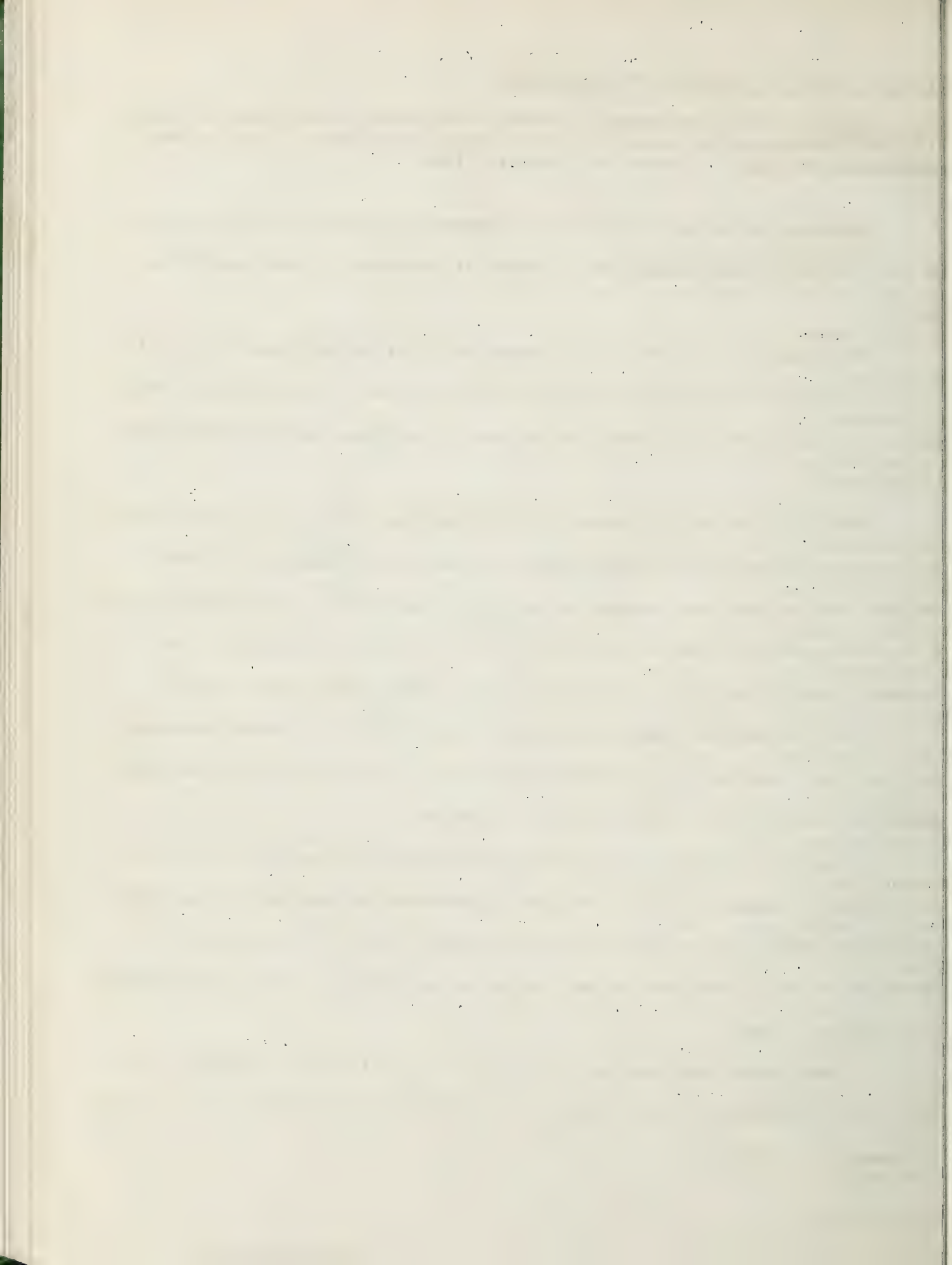
The Secretary noted that U. S. exporting firms had sold about 65 million bushels of wheat to Russia and had received \$140 million in cash payment. Wheat exports in fiscal 1964, as a result of the Soviet purchases, were a record 850 million bushels.

"The U. S. balance of payments is \$140 million to the good, wheat farmers received more dollars for the wheat they grew than would otherwise have been possible, new business was created for railroads, barge lines and shippers as well as for the exporting firms, and additional jobs were created because of the increased level of activity -- all as a result of these added wheat sales.

"And the American taxpayer will save almost \$85 million which otherwise would have been paid out to store this wheat until it could have been moved into commercial markets over a five to seven year period.

"Equally as important, the people of the developing nations saw clearly the difference between the Soviet system of government and our own. These people, for the most part, live on the land and are farmers; and all of them seek to improve their own agriculture so they may enjoy more adequate diets and strengthen their farming economy.

"These people now know that Communism cannot fill their stomachs -- and that is a key advantage in determining which political philosophy they will choose -- Communism or Democracy."



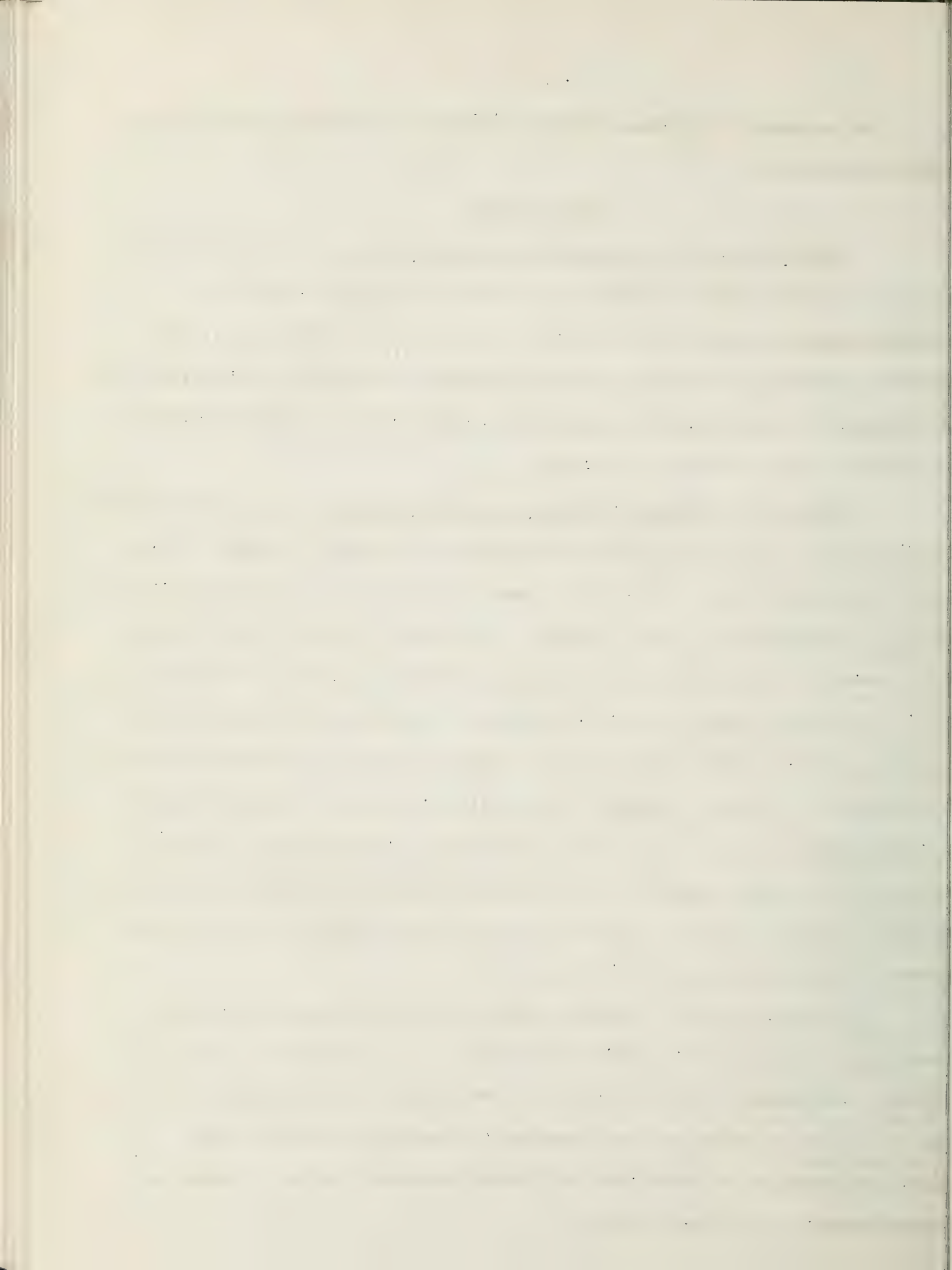
The Secretary listed these gains specifically as a result of wheat sales to the Soviet Union:

Economic Gains

1. Benefited the U. S. balance of payments position. The United States sold over 65 million bushels of wheat to the Soviet Union, for which U. S. exporting companies received \$140 million. A cash inflow of that size is very welcome at this time. In recent years the movement has been all too much the other way. Between 1959 and 1963, for example, the outflow of U. S. gold and dollars exceeded the inflow by over \$14.5 billion.

2. Saved U. S. storage, handling, and other charges. Costs of maintaining Government-owned farm commodities are larger than is generally realized. On the basis of 1962 experience, it costs 26.21 cents per bushel of wheat for storage and handling, transportation, resale payments, and interest on public funds tied up in the commodity. The savings in maintenance costs for one year on 65 million bushels, therefore, amount to about \$17 million. However, on the basis of recent disposition history, wheat acquired by the Commodity Credit Corporation would stay in inventory for 5 years. Therefore, the total savings in CCC carrying charges on wheat shipped to Russia was 5 times \$17 million -- or \$85 million. This is assuming that the full quantity, had it not been shipped, would have ended up in the CCC's stockpile. Savings of \$85 million more than offset the cost of export payments, which amounted to \$44 million.

3. Strengthened U. S. domestic wheat prices. Any reduction in the pressure on domestic supplies tends to strengthen prices of wheat in the U. S. markets. This tendency was noted last fall and winter when the prospect of U. S. exports -- plus the effect of the "drawdown" on Canadian, Australian, and Argentinian supplies by Soviet Bloc and Chinese communist buying -- helped to improve domestic U. S. wheat prices.



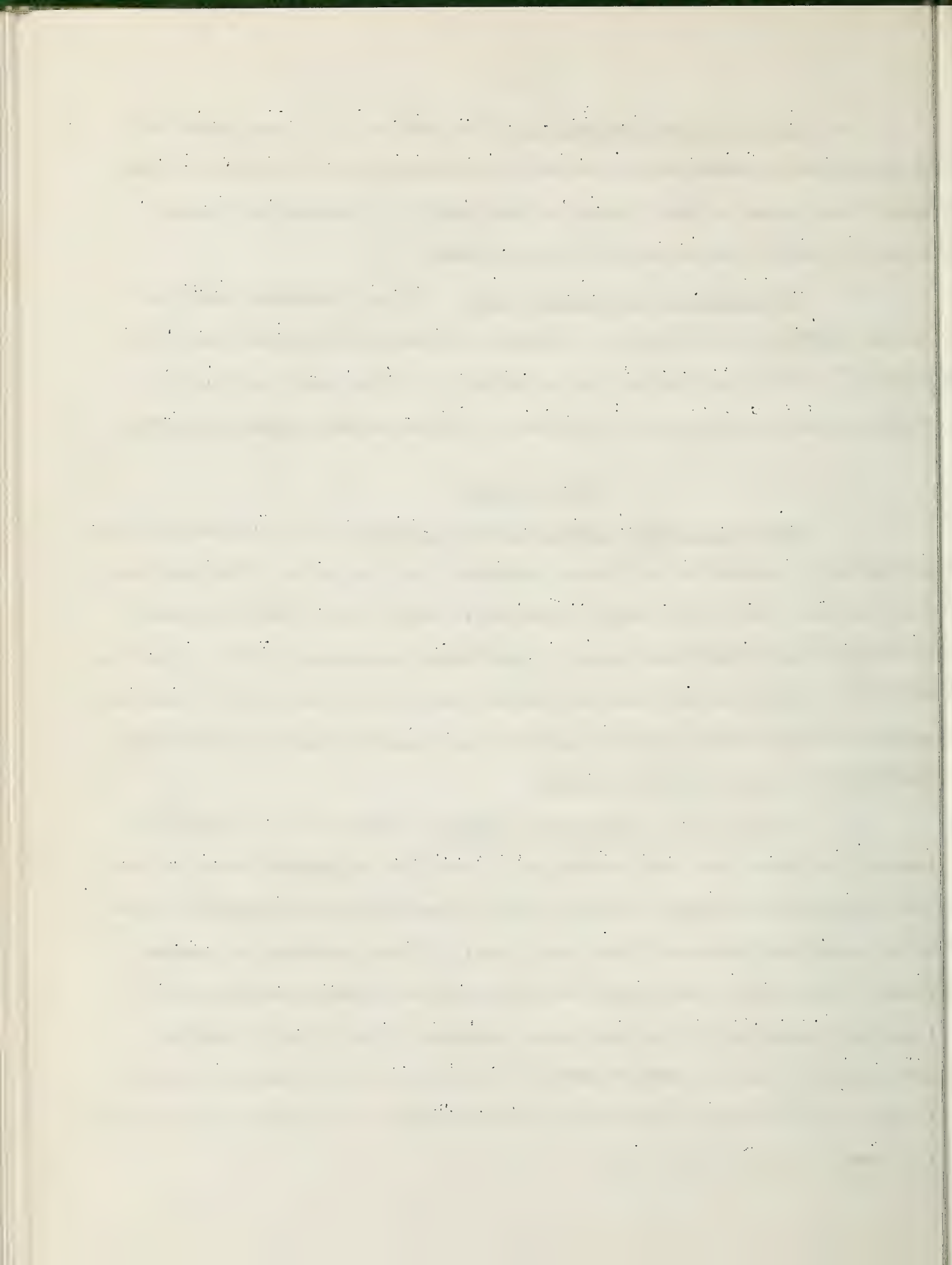
4. Stimulated American business. The sale of 65 million bushels of U. S. wheat to Russia created profits not only for exporters but also for railroads, barge lines, ocean shipping companies, and other U. S. enterprises having a direct or indirect connection with foreign trade.

5. Created jobs for American workers. The U. S.-Russian wheat deal created additional jobs for U. S. stevedores, seamen, railroad men, and other workers. If this deal had not been arranged, all of the wages entailed in shipping wheat to Russia would have gone to Australian and Argentinian workers.

Political Gains

1. Depleted the USSR's gold and dollar reserves. The Russians use gold and dollars in subversive activities throughout the free world. They also use gold, dollars, and other foreign currencies in buying abroad heavy equipment, instruments, and other items needed to manufacture armaments. The U. S.-Russian wheat deal, therefore, diverted to peaceful uses \$140 million worth of "monetary ammunition" which would otherwise have been used against free world countries, particularly against the United States.

2. Gave the U. S. a propaganda victory. Purchase of U. S. wheat by Russia highlighted more than anything else could that regimented Soviet agriculture is far less efficient than free, family-farm American agriculture. Uncommitted countries observe all this very closely. Their economies are predominantly agricultural; they depend on the production of farm commodities for their own living and for earning foreign exchange. The failure of Russian agriculture to feed the Russian people -- as contrasted with America's ability to feed its own people and millions of others abroad -- is a potent argument for the free enterprise family farm.



3. Improved the image of America in Russia and the satellite countries.

The people of Russia and of the satellite countries know that Russian agriculture is in trouble. These communist consumers also know that supplies from the United States, have in effect "bailed them out" this year. These consumers unquestionably are grateful that the free world countries, including the United States, have seen fit to share abundant supplies.

U. S. wheat did not provide help which was otherwise unavailable.

The question is asked, "Why ship U. S. wheat to Russia when it helps that country?"

U. S. wheat helps Russia only in the sense that it obtains needed supplies from us -- and if we refuse to sell to Russia, it will turn elsewhere for wheat. Canada, Australia, Argentina, and other nations are willing to sell nonstrategic commodities to the communist countries. The exporting countries are not likely to alter this point of view. Therefore, we are confronted with the fact that a one-country wheat boycott against Russia cannot hurt Russia -- and cannot help us.

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31.3 Abraham Lincoln was 6 feet, 4 inches tall...and he was often

87 kidded about his height. One day a smaller man asked Mr. Lincoln

+24, 1964 how long he thought a man's legs should be. Looking down at his
questioner, Lincoln said: "Just long enough to reach the ground."

I'm reminded of Lincoln's answer when the question arises -- as
it seems to do more and more frequently -- "How big should government
be?" "What should it do?" I think the only possible answer to both
questions is, "just big enough to provide the services that people need
and want and which cannot be effectively and efficiently provided any
other way."

That's not a theoretical answer. It's a pragmatic one. And I
think it's particularly fitting, because one of the constant threads in
the government of this nation has been pragmatism. We always ask not
what formula or ism describes it but rather, "does it work?"

Right after the American Revolution, we tried operating as a
loose confederation of autonomous States under the Articles of Confederation.
The system didn't work. State quarreled with State. The need for a
central government able to cope with national problems became obvious.

The result was the Constitutional Convention, which met in
Philadelphia and drew up the unique form of government which we now enjoy.
It is founded on the practical necessity to regulate commerce between the
States and bring order out of the chaos of many voices speaking at once.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman
before the Florida Fresh Fruit and Vegetable Association, Americana Hotel,
Miami Beach, Florida, Thursday, September 24, 1964, 8:00 p.m., EST

It gives us both flexibility and stability -- rare enough qualities in nations.

Since then we have embraced no enduring dogma, no rigid ideology that would restrict our search for new ideas to meet changing conditions. We are, and always have been, a nation that works by trial and error -- a nation of pragmatists.

There is, contrary to popular belief, no easy description of relationships between our local, State and Federal governments. Many people describe them as layers of a cake, each separate and distinct, and each functioning in its own little compartment.

But government in the United States today is not, if it ever was, a three-layer cake. Instead it is more like a marble cake, with the strands of governmental function, like the chocolate, intertwined from top to bottom. This pattern of intergovernmental relations did not emerge full blown as a brilliant concept of some political genius. Quite the contrary. **In** typical American fashion it evolved piece by piece as your own association has grown -- always searching for the best answer to the practical, pragmatic question of "what works best." As a matter of fact, relations between citizens and government and between different levels of government vary broadly from program to program.

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A reasoned examination of the role of government is right, proper and good.

Thus, tonight, let's take a thoughtful look at this Government of ours. The Department of Agriculture, with its roots deep in the historical development of this nation, provides us with an appropriate subject for such a review.

Let me begin by pointing out that agriculture has been a subject of national concern since our Federal system began, and that Federal policies have centered on the constant and unchanging goal of developing and maintaining a family farm system of agriculture.

The Federal Government, a hundred years ago, through the Homestead Act, made it possible for every farmer to acquire his own land. This same dedication to the family farm was evident in the establishment of the Land Grant College system both to help farmers gain a better education and to provide the research facilities to enable them to become more efficient. The University of Florida at Gainesville is one of these institutions.

The fostering of the family farm concept was surely uppermost in the mind of President Lincoln when he established the Department of Agriculture, for he called it "The People's Department."

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This same dedication to the family farm was there when the Federal Government established the Extension Service to carry down to the farmer the practical benefits of production and marketing research. This dedication was responsible for the Federal policies to aid and assist farmer cooperatives...to provide sound and reasonable farm credit...to recognize the legality of marketing orders...and in the 1930's, to establish price support programs, rural electrification, production credit and soil conservation services.

It would seem that, if historic precedent is any measure, the farm policies of the present Administration are conservative, for they seek to conserve the economic and social values of the family farm system as an essential element of American democracy.

But let's go a little deeper...and take a look at how the Federal Government through the USDA -- in cooperation with State government -- provides services that touch you directly as fruit and vegetable growers and shippers. Do they constitute a threat to your freedom and an invasion of your independence? Or are they worth having and paying for?

One of our oldest services is market news -- gathering the vital price and supply information to make effective marketing decisions. This market news, I am told, is valuable to growers and shippers. It is vital also to the whole nation, since price and supply relationships serve in our economy to direct goods where they are needed the most. Market news helps to make profit decisions. At the same time it increases the efficiency of our whole marketing system.

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Who should provide market news? What would your phone bill be if you had to make your own calls every morning to people at the various terminal markets to get the latest prices and unload information? Then you'd call competing shipping areas to find out how the harvest was running there and what prices they were getting. Obviously, no one grower could do this.

Instead, the Federal-State Market News Service does the job once for everyone. A Federal market reporter collects the information you need at the major terminal markets. State reporters check shipping points in their States. And all of this vital market data is flashed across the country to the people who need it by USDA's 19,000-mile network of leased teletype wires, and disseminated through radio and television stations, newspapers and mailed reports, and individual drops to those needing more complete data. The cost? About one-fourth of a cent per year for each person in the U. S.

Official crop estimates are another service that cooperation between private individuals -- who provide local crop reports -- and the State and Federal governments make available.

You've had a very busy hurricane season in Florida this year -- with first Cleo, then Dora and Ethel threatening your coast line. The only firm in the world that will write crop insurance for citrus growers is the Federal Crop Insurance Corporation of the U. S. Department of Agriculture. The FCIC insures about 40 percent of the Florida citrus crop. We've got adjustors working right now in the east coast Florida counties assessing Cleo's damage to citrus, and we expect to pay out about \$325,000 to citrus

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growers there. After last year's freeze, we paid Florida citrus growers more than \$5 million on insurance contracts. This is not a handout. These growers bought the insurance, and paid premiums for it. We do it as a service, because no one else will take the risk.

Incidentally, when Hurricane Dora chased people from their homes in northern Florida and southern Georgia recently, more than 14,000 of them were fed with USDA-donated foods diverted from the school lunch and food distribution programs.

These are some services that government performs because no one else can possibly offer them.

Another is regulation.

Keeping your markets free, with competition open and above-board, is accomplished by maintaining standards set forth by national regulatory acts.

The Perishable Agricultural Commodities Act, for example, establishes a code of good trading practices in fresh and frozen fruits and vegetables, defines trade terms, and provides machinery for settling disputes without having to go to court. In a fast-moving business like yours, you have to depend on good faith and clear understanding. PACA helps to assure that good faith and clear understanding. I'm told that's a service, and a very valuable one. Our Agricultural Marketing Service administers PACA and a number of other regulatory acts covering other phases of agricultural marketing.

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An official government agency like USDA is also obviously best equipped to provide nationally-uniform standards for farm products. There are currently some 132 U. S. Standards for 73 different fresh fruits and vegetables, and there are hundreds more U. S. Standards for other commodities ranging from beef to cotton. These standards provide a "common trading language" that is especially useful in long-distance trading. Regardless of the sections of the country, standards established nationally don't vary.

To apply the grade standards uniformly and impartially, requires official inspection services -- like the Federal-State Inspection Service for fresh fruits and vegetables. The Florida fruit and vegetable industries make very extensive use of this service -- and the fact that the service is financed by fees demonstrates its value. Again, we find cooperation between the State and Federal governments. Most of the inspectors at shipping points are State employees. Terminal market inspectors are Federal employees, and all are supervised by Federal supervisors to make sure that the inspection service and grade interpretations are uniform across the country.

Last year we inspected nearly 90,000 railcars worth of fresh market produce in Florida, and in many years, when production was higher, we've inspected more than 100,000 carlots.

Marketing orders are another service program which developed out of a demonstrated need. Your Florida citrus marketing order is one of the oldest and most successful examples of these marketing programs -- having recently celebrated its 25th anniversary. And the Indian River grapefruit producers have an additional marketing order, instituted in 1962, to help them regulate the volume of shipments to market.

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Then let me mention the best-known government service -- research. Federal, State and local governments and private citizens and associations have cooperated to produce an immense amount of production research -- cultivation and conservation methods and equipment, insect, disease and weed control, harvesting and handling operations and equipment; breeding and genetics, variety evaluation and so on. This is research that farmers could not undertake individually -- and research that has unfailingly benefited the general public at least as much as the farmer.

As far as fresh fruits and vegetables are concerned, I might mention that there seems to be potential for reducing production costs through development and adoption of mechanical harvesting equipment -- an area far more difficult for the fruit and vegetable industry than for any other agricultural industries in the U. S. The rising cost and seeming shortage of harvesting labor will probably accelerate this development.

Then there is marketing research. It, too, covers a remarkable range.

It includes designing new wholesale facilities for our major cities -- and it includes basic research into the very nature of living tissue. A U.S.D.A. scientist may one day unlock the secret of cell life -- and discover why and how fruits and vegetables age and decay.

Experiments are presently being conducted to preserve fresh produce by radiation. When perfected this will have far-reaching results for your industry.

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Instrumentation work holds promise for the near future, too. Machines that can judge color, feel ripeness, and look inside fruits and vegetables to spot hidden defects hold a vast potential for quality control and cost cutting.

Other aspects of marketing research have developed -- and are developing -- more efficient, less costly work methods in wholesaling and retailing; insect control; various ways to extend the market life of fruits and vegetables -- including work on antibiotics, packaging, and temperature and humidity controls.

Because of the bulkiness and perishability of fresh fruits and vegetables, transportation costs per hundredweight are higher than for most other farm products. Research by USDA is finding ways to offset these costs -- among them streamlined handling and packing methods, more production-point trimming and packaging, better packaging materials, better control of spoilage so that less waste is shipped, and so on.

Packaging costs are being reduced as this function increasingly moves from the store level and to the wholesale level and finally to production points. Some of our researchers estimate that by 1970, 60 to 75 percent of all produce will be packaged before reaching the retailer.

Such research benefits fruit and vegetable producers by reducing the cost of fresh produce and stimulating sales. Lower costs benefit consumers by allowing them to get the nutritive benefits of fresh fruits and vegetables without increasing their food budgets.

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As a matter of fact, research is one of the prime reasons that the American consumer spends less than 19 percent of his disposable income for the best diet in the world's history. Our people eat better and cheaper than any people ever have before.

That brings me to another point. There is a myth that the U. S. Department of Agriculture is growing, while the number of people it serves is shrinking. This charge is based on the illusion that USDA serves only farmers. You folks, of course, know better. The Department's services have always been aimed at a broader public than just farmers -- and today about two-thirds of USDA expenditures go for programs which are of primary benefit to consumers, businessmen and the general public. I would like to ask you to join me in bringing to the attention of the American citizen that the USDA serves him as well as the agricultural producer. Please do take the trouble to tell others that:

The Department administers programs aimed at safeguarding the Nation's food supply and wisely managing the natural resources of soil, water, ranges, and forests -- for the permanent good of all the people.

The Department carries on programs to improve the diets of Americans -- both through research and through action programs such as School Lunch and Food Stamp to make highly nutritious foods available to more people.

The Department administers extension and information services in response to its original mandate to "acquire and diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of the word."

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Finally, the Department looks to the future with an aggressive program of Rural Areas Development -- to help create more income and employment opportunities in rural communities -- to help revitalize and recapitalize rural America.

Thus, the Department of Agriculture is an old and venerable institution of the Federal Government performing many services both big and small for all Americans, particularly the farmer.

How big should it be? What should it do?

I believe that in Lyndon B. Johnson, we have a President who believes it should be just big enough to provide the services the American people demand of it.

He is working, and we of his administration are working very hard to make sure it is that big...and not a bit bigger.

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I am pleased to have this opportunity to discuss farm exports with you. It is a subject which has occupied much of my time for nearly four years now.

When I came to Washington back in 1961, there were many things to keep a Secretary of Agriculture busy. And I don't think I need spell them out. Most of them have been in the headlines for everyone to see.

One of the reports which crossed my desk early in those first weeks was a paper describing the prospects for farm exports. It predicted that by 1968 the volume of farm exports from the U.S. would likely reach \$6 billion.

As most of you know, we have speeded up that timetable by four years. In fiscal year 1964, which ended June 30, American agricultural exports not only equalled but surpassed the target figure, reaching \$6.1 billion or a billion higher than fiscal 1963. These exports not only set a new high export record for farm products but also represented by far the largest agricultural export operation ever carried out by one nation in a single year in the world's entire history.

For the farmer, exports equalled almost one out of every two dollars of net farm income.

Address by Secretary of Agriculture Orville L. Freeman at Luncheon of the Export Advisory Committee to the Governor of Illinois, Palmer House, Chicago, Ill., Friday, September 25, 1964, 12:00 noon, CDT.

Time magazine last week called American agriculture "The supermarket to the world," and for good reason.

The \$6.1 billion value of farm exports was 20 percent above the previous year's total...and 35 percent above the level of 4 years ago. New records have been set in the export of wheat and flour, corn, soybeans, rice, tallow, nonfat dry milk, hides and skins, butter, variety meats and dry edible beans. Exports of many other products came close to setting a new record.

This \$6.1 billion export volume was made up of \$4.5 billion in commercial exports for dollars, plus \$1.6 billion in Food for Peace exports principally through the P.L. 480 program. Practically all the \$1 billion gain was in dollar exports.

Let's examine for a moment what happens when a pie of this size starts to be cut up.

For one thing, the nation's balance of payments gets a healthy assist. I can remember in 1961 that a great many Americans were hearing more and more about gold outflows, international account deficits, disequilibrium in the balance of payments. What it meant simply was that the rate of gold and dollar loss from the Treasury was running close to \$4 billion a year, and the trend had been running that way since 1950, and increasingly so by the late 1950's.

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The new administration had some hard choices to make. Defense expenditures abroad could be curtailed, economic development obligations could be reduced or American capital for investment abroad could be limited. None of these were especially appealing, but any one could do the job.

Another choice was to expand exports and counter the outflow of dollars with greater inflow. This was the course that was selected, and the Departments of Commerce and Agriculture were chosen to spearhead the drive. The results -- some \$25 billion in total exports -- speak for themselves. We had a favorable balance of trade last year of nearly \$6 billion, and agriculture accounted for about 40 percent of it.

If the current patterns hold, and we believe they will, the gold and dollar deficit this year will be the smallest in six years -- and there is good prospects, through trade expansion, of being able eventually to bring our balance of payments into equilibrium.

Another, and more direct, example of the benefits from a high volume of farm exports can be seen here in your own area. The balance sheet on farm trade of the five states -- Illinois, Michigan, Indiana, Wisconsin and Iowa -- that are the heart of Chicago's economic strength is revealing.

In fiscal 1964, these five states supplied more than one-fifth of the farm products our country exported. Their approximate share of the \$6.1 billion total was \$1.3 billion. Farm imports, for the same

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period totalled about \$470 million worth of competitive products, leaving a favorable balance of farm exports over competitive imports of some \$830 million -- or a ratio of nearly 3 to 1.

And, frankly, I would say that when you can achieve a ratio of 3 to 1 in your favor, you are about as close as you will come to having your cake and eating it too.

Trade successes in agriculture today are of vital importance to American farmers, as these figures indicate. But they are equally as important to American businessmen. Every dollar that agriculture earns in export, and every dollar that we spend for farm imports is a stimulant of commerce. Export dollars buy machinery and fertilizer, pay wages and interest, storage and transportation and buy packaging and processing. And every time we add more volume to the flow of trade, new jobs are created, Chicago grows stronger, the economy of the State is improved and America also grows in strength.

If I sound somewhat proud of the accomplishments in farm exports -- and I cannot deny that I am -- then I am prouder still of the means by which this record was achieved. It has demanded, and received, an unparalleled degree of responsible cooperation on the part of millions of people.

The export chain that moves this mountain of food and fiber from the United States to millions of customers overseas has many complex links.

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This Export Committee is one. Our farm producers are another. You people of the business world are one more. You members of the press are still another, for without your services our international trading abilities would be like those of the Dark Ages.

And so I want to pay my respects to all of you here for your many contributions. When we take the activity of Governor Kerner and this Export Committee, multiply it by the work of similar leadership groups across the nation, add to it the intensified export operations of thousands of business and agricultural groups, and add further the strong interest and support given by this administration -- we find in sum total the reasons why the United States has been able to emerge as trade leader of the world.

Some dimension of this effort can be seen through the market development work carried on through the USDA. We now have an active export promotion partnership with 44 separate agricultural producer and trade organizations, reaching into 67 countries.

Some of our export promotion partners are located here in Chicago: the American Dry Milk Institute and the National Renderers Association, both on North LaSalle Street, are among them. There's the American Meat Institute on East Van Buren Street and the National Live-stock and Meat Board on South Wabash Avenue. Also there's the Institute of American Poultry Industries on East Madison Street. Others are

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headquartered within Chicago's commercial territory, including the Soybean Council in Waterloo, Iowa, and the American Soybean Association in Hudson, Iowa.

These and organizations like them have become action points to stimulate the exports of every major American farm commodity.

Because of this dedicated effort, world trade in agricultural products, despite the many restrictions that still remain, moves more freely today than it did 5 years ago, 10 years ago, or 25 years ago. Were it not for this healthy development, today's record agricultural exports could not have been achieved.

Agriculture, as we are all aware, tends to be one of the more heavily protected industries around the world. Historically, there are many reasons for this. But I am of the firm conviction that protectionism as a way of life for agriculture is not to the ultimate advantage of nations or their farmers.

I realize, of course, that the protection which has been built up around farming worldwide cannot be completely reversed overnight. But achievements to date convince me that a vigorous effort to seek even more liberal trade conditions in agriculture than we have obtained so far will have a worthwhile effect throughout the world. Now with the Kennedy Round in Geneva, worldwide negotiations on trade are underway through GATT, and agriculture has both a great responsibility and a great opportunity.

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The fact that liberal trade helps agriculture and the farmer has been demonstrated, I think, by the U.S. example. We are not free traders, but we are liberal traders. The United States is less protectionist in its agricultural trading policies than any other major trading nation, and the results show that this policy has been of major benefit to the American farmer and the American economy.

We maintain a minimum number of non-tariff trade barriers. Our import duties on agricultural products in most cases are low. We have made a consistent effort to encourage all nations engaging in world trade to lower their trade barriers, on a reciprocal basis, because we think the resulting expansion of world trade is essential to our own economic wellbeing and to theirs. This has been our national policy since enactment of the Trade Agreements Act of 1934.

As a result of our liberal trade policies it is true that we import certain competitive agricultural products in which, if our nation followed a highly protectionist policy, we could become virtually self-sufficient. We have not chosen to do so -- and American industry profits by that decision through the fact that foreign countries that sell in our agricultural market earn dollars with which to buy American industrial products.

This strong link between American agriculture and American industry underlies our entire trade operation. It underlies

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this Administration's insistence in GATT, for example, on a united approach to industrial and agricultural negotiations, because we believe that separate negotiations would be unnatural and mutually harmful. It is emphasized by the words of the President's Special Representative for Trade Negotiations, Governor Christian Herter: "The United States will enter into no ultimate agreement until significant progress is registered toward trade liberalization in agriculture as well as in industrial products."

What I have described here, for the most part, has been the dollar side of farm exports...and some of the essential problems of maintaining access to the commercial markets in the world.

Our commercial successes emphasize that the market for the U. S. farmer is bigger than 190 million Americans. In fact, if anything, the lesson of the early 1960's is that we have passed the day when the American farmer produces mainly for the American housewife. And the day is past when agriculture could afford the luxury of protectionism.

There is a saying the British are fond of using that goes something like this: England must export or die. Well, the family farm today must export, or it too could die.

This is why I have devoted so much time to enlarging the opportunities for trade in agriculture. And I have come to the conclusion that, given the tremendous productivity of the American family farm, even the rapid strides in expanding the current commercial world markets will not enable us to find outlets for all that can be produced.

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If we are to find the markets to equal the enormous capabilities of the American family farm, then our thinking and our planning must be as big and as dynamic as the revolution of abundance that is sweeping through agriculture today; we must reach beyond the markets of today and develop vast new markets for tomorrow.

We must begin with the view that the market for American agriculture is not limited to 190 million Americans and to the some 500 million additional people who live in the relatively more prosperous free world nations. The market for the 20th century farmer must grow to include particularly the 2 billion people who live in the free world -- many of whom are hungry when night falls.

In other words, our markets will be where the people are.

Most of the developing countries cannot be considered cash customers today. But they are the only potentially adequate market we can look to for the future. It is then clearly in our own best interests, and in the best interests of peace and freedom around the world, and in the best humanitarian tradition to assist these people to raise the level of their incomes so they can be cash customers.

I am well aware that many responsible and thoughtful people feel that assistance -- such as that provided through parts of the Food for Peace program and more generally through economic assistance programs -- to develop the agricultural economies of the emerging nations does not serve our own national interests. These activities, it is felt, only create competition for markets we hold now.

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But careful analysis by the Department of Agriculture and experts outside the USDA, rather than verifying this concern, document the fact that economic assistance, including agricultural assistance, builds rather than loses markets for American food and fiber.

This is a new challenge of vast dimensions for this nation, and the demands upon and the opportunities for American agriculture in years and decades ahead which it suggests stagger the imagination.

After the Second World War, for example, the United States extended food aid and technical and financial assistance to Japan. As a result, Japan not only rebuilt its industry and greatly improved its agriculture -- farm output rose 3.7 percent a year -- but also rose to become the number one cash customer for American food and fiber. Last year Japan purchased \$651 million worth of farm products in this country, or an average of \$4.70 for each Japanese citizen.

I think the meaning is clear. Without economic assistance, including agricultural assistance, there will not be substantial economic progress in the developing nations. Agricultural assistance is particularly needed since the economies of these nations depend primarily on agriculture.

Cities cannot become strong where farmers are weak, and this is an economic truth which applies both here and everywhere around the world.

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A strong agriculture requires the support of a substantial industry to supply machinery, fertilizer, fuel and many other manufactured componentsit provides working capital for industrial growth....and it helps supply the food needs of the wage earner.

Thus, no nation can hope to achieve massive economic development without first making substantial gains in its own agricultural productivity. Imports of farm products from other countries, such as those we supply through the Food for Peace program, can meet a part of the rapidly growing needs, and contribute significantly to economic development. But most of the rising requirements must be met by expanding domestic farm output.

It would be a mistake to assume this activity would mean smaller markets for our products. Increased incomes in these countries would have a large effect on their imports. We find, for example, that we export about \$1 worth of farm products for each \$100 of income in both the developed and the developing nations. If the developing nations were able to increase their incomes by \$100 per person, it would double the value of farm products we now export to them.

We have shown that the American farmer and the American businessman have the capacity and capabilities to telescope into four years what reasonable men thought we could accomplish in eight.

Thus, the picture of what can be achieved in agricultural exports is clear to all of those who will look.

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There will be bigger markets for our farmers. We have the land, the skills, the technology, and the manpower to produce much more for world markets than we are doing.

There will be more activity for our businessmen. We have the capacity to finance, process, merchandise, and transport all the foreign market can accept.

And there will be better living for all -- including those billions of people throughout the world whose standards of living are improving and whose vision of a better world are enough food to eat and adequate clothing to wear.

Throughout the ages men have dreamed of a better world. We are living in a fortunate age, for already we have achieved a better world than has ever existed before. But we know how to make it even better -- and I am one of those optimists who is confident we shall do so.

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I am pleased to have this opportunity to speak at the 1964 Newspaper Food Editors Conference.

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I want to begin by thanking the food editors of America for the superlative job you have done this year in making known to consumers the abundance of beef that was coming into the market ... and thus to encourage them to make use of this abundance.

I appreciate personally the cooperation you gave to the Department of Agriculture and the food industry. I know that the packers and retailers of beef appreciate it. And the beef producers of America -- those who raise beef animals and those who feed them for market -- are indebted to you for your help in moving in an orderly way the highest level of beef production ever recorded in this country. This year, for example, the supply of beef is 13 percent greater than a year ago -- and last year had been another record year.

Your help has been felt, not only by the consumers who read your copy, but also by beef producers -- who, in this instance, sorely needed your help. We have seen a remarkable recovery in the cattle market this summer -- probably the quickest snap-back in history. From the low market of the first week of June -- the price for choice fed steers has now rebounded about \$6 a hundredweight.

The beef producer is thus helped to become a better consumer --- and at the same time consumers continue to benefit from plentiful beef.

Keynote address by Secretary of Agriculture Orville L. Freeman at the 1964 Newspaper Food Editors Conference, The Waldorf-Astoria Hotel, New York City, 11 a.m. (EDT) Monday, October 5, 1964.

The orderly movement of abundant food supplies into human stomachs -- which you and I are engaged in at least part-time -- is a rather new science. It is a new science because abundance is new. The human race since time began has lived under conditions where scarcity was the norm, and distribution systems were geared to the fact that people never had quite enough of anything.

It was not until a few decades ago that the effects of a new revolution began to dawn ... the Abundance Revolution in Agriculture. When you stop to think about it, this is really one of the great events in the history of the world.

Suddenly, we can foresee a time when it will be physically possible to produce plenty -- not just for a few but for everyone in the world.

Consider what the Abundance Revolution has meant to the United States.

In just a few short decades, it has brought the assurance that the United States can continue to produce above its own needs, plus a high level of exports, far into the future -- despite our burgeoning population. It has freed most Americans of all concern about tomorrow's breakfast or next year's crop.

It has made it possible for the American farmer to produce as much in one hour today as he did in two and a half hours 15 years ago. He produces as much in one hour as he did in four hours 25 years ago.

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It has enabled one person in U.S. agriculture today to supply abundantly the food and fiber needs of 30 persons besides himself. In 1947-49, he could feed himself and only 14 others. Even today in the Soviet Union, a farmer can feed himself and only five or six others.

The Abundance Revolution has made U. S. food the biggest bargain in the history of any country.

We spend less than 19 percent of our take-home pay for food. In the late 1940's we were spending 26 percent. In European countries, food takes 30 to 50 percent or more of families' take-home pay. In Russia -- 50 percent or more. In less developed countries, it takes a still higher share.

In roughly a 15-year period -- between 1947-49 and 1963 -- the price of non-food items in Americans' cost of living rose 35 percent. But the retail prices of American farm-grown food rose less than half that much -- 15 percent. If food prices had gone up as much as non-food prices, the bag of groceries that now costs \$15 would cost \$18 instead.

The cost of food is sharply lower in terms of the American family's ability to buy. An hour's factory labor in 1947-49 bought about 2 pounds of beef or pork -- today it buys over 3 pounds of beef or 4 pounds of pork. An hour of factory labor 15 years ago bought 2 dozen eggs -- today it buys 5 dozen eggs.

We are, each of us, putting away on the average 39 pounds of chicken and turkey this year. And this compares with 22 pounds in 1947-49.

Thus, the readers of your food pages and food columns have been the big beneficiaries of the Abundance Revolution in American agriculture. And, if I may be just a bit presumptuous, may I suggest a story in your columns sometime: The farmer deserves not the surplus label he often is tarred with -- he deserves rather the label of America's most efficient and successful producer -- providing life's basic necessities in abundance at low cost.

Besides keeping our own domestic pipelines full of food .. the American farmer provides \$700 million worth of food for distribution to children and the needy in this country. He produces about \$4.5 billion worth of food for dollar export ... as well as \$1.6 billion worth of farm commodities to go overseas under Food for Peace.

And even with all this -- U. S. agriculture is still operating under wraps. The farmer could produce at least 25 percent more than he is doing -- if this produce were needed. Any way you look at it -- this outpouring of abundance is one of the milestones in the history of human welfare. The typical American wife -- who has available this wealth of abundance and variety and can afford to pay for it -- is fortunate indeed. But what about the minority of our homemakers who are not so fortunate?

It is a fact that not every American consumer has benefited fully from our Abundance Revolution -- and this should be regarded as a failure of our society to deal adequately with the new era of abundance. There are hundreds of thousands of Americans who have not had the income to go to the market and obtain there the amount and quality of food they need for a varied and adequate diet.

It is for this reason that the Department of Agriculture, in cooperation with many other private and public institutions, has been working to develop new programs and to build on old programs -- with the goal of better use of the abundant foods produced on America's farms. We are practicing the new science of getting our food abundance into human stomachs -- here and around the world.

President John F. Kennedy -- when he came into office -- was acutely aware of the problem faced by families without the means to obtain the quantity and variety foods they needed for adequate diets. His first executive order doubled the volume and variety of foods in the Direct Distribution program. It since has been tripled, with these results:

At the end of 1960 -- 4 million individuals were being helped compared with a peak of over 7 million by March 1962, and about 6.5 million this year. At the end of 1960 -- the amount of food distributed was valued at \$1.25 a person per month -- compared with \$8 a person per month in the Direct Distribution program today. In 1960, flour, cornmeal, lard, and dried milk were made available from the Nation's overflowing larder. Today, those five plus butter, cheese, dried beans, peanut butter, rice, bulgar, rolled wheat, dried eggs, and two kinds of meat are available.

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But this kind of improvement had its limits. There is no way to provide fresh fruit and vegetables, or fresh meat. All items have to be storable. Also, there already is a very efficient commercial retail food distribution system -- so why duplicate it?

One of the consequences of this kind of thinking was the Food Stamp Plan -- a program patterned to fit the new era of abundance. The food stamp idea had been tried before World War II, but it had bogged down in many administrative difficulties, and the program was strongly criticized and had been discredited.

President Kennedy thought the Food Stamp idea deserved a fair trial under modern conditions -- and he authorized a Pilot Program. We proceeded carefully, building on our experience as we went along.

The Department's Agricultural Marketing Service deserves great credit for the success that was achieved in this test program. The Director of the AMS Food Distribution Division -- a career public servant named Howard Davis -- deserves special praise for his skillful guidance of the pilot effort which set the pattern for the permanent program that has now been authorized.

This year -- after three years of testing -- the Congress has enacted legislation extending and expanding the program. The pilot program has been operating in 43 counties of 22 States -- serving some 350,000 people. The new permanent legislation removes the area limitation, and provides for a gradual expansion over a period of three years.

The Pilot Food Stamp Program is a success because it makes it possible for hundreds of thousands of low-income people to share more adequately in our farm abundance -- to improve their family nutrition -- and to do all this in a way that is not at all degrading. By the middle of next year, we expect the number of people covered by the program will approach a million.

The Program is a success also because it enlarges the farmer's markets -- especially for those commodities from which farmers get their best returns. That is, animal products, fruit and vegetables.

And it is a success because it stimulates local business -- especially in the low-income communities that are most in need of stimulation. In a survey of pilot communities, we found that the food stamp program stimulated retail grocer sales by an average of 8 percent.

The Food Stamp Plan operates through normal channels of trade. The amount of money a family would normally spend for food is exchanged for an allotment of coupons of higher value. The difference between what each family pays and the total value of its coupons represents the Government's contribution to the program. The family uses the coupons just like cash, spending them for any human food it wishes, except for imported items.

Another of the Department's food use programs is the National School Lunch Program -- which since its inception 18 years ago has become almost as much a part of the school scene as the three R's. It is being expanded.

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This school year, some 70,000 public and nonprofit private schools will serve lunches daily to about 17 million children -- with the help of the Federal program. We just recently announced the apportionment of nearly \$130 million for this purpose.

These funds -- together with donated foods from the Department of Agriculture -- are used by schools to make available at low cost the nutrition that is so vital to the learning process. In many instances, this Federal assistance enables needy children to obtain lunches free or at below-average cost.

It is a matter of special and personal concern to me that this program be made available to every child, whether he can afford it or not. With this in mind -- we are working with the States and with local people to get together the money, the food commodities, and the technical help necessary to serve more youngsters with the kind of noon meals that they need.

With the Nation's growing need for excellence in the building of what President Johnson calls the Great Society -- it is not enough that education be made available to all. We must also help the child who has education available to him but who is unable to take full advantage of it simply because he is hungry.

There are many schools in low income areas where a large share of the children cannot afford to pay for lunch. In many of these areas, it has been virtually impossible to finance a lunch program with normal aid. But now, Federal, State and local officials have stepped up efforts to open school lunch programs in these disadvantaged areas -- with the help of special cash and food assistance.

Last winter and spring -- in hundreds of rural and urban schools in Kentucky, West Virginia and Virginia -- school lunch programs were opened for the first time. With the help of volunteer labor and just a minimum of kitchen equipment, thousands of children began getting school lunches for the first time in their lives; for many -- the only good meal of the day. Efforts like these are getting underway in more than a dozen States.

For many a poor child -- now getting a hot and nourishing lunch either free or at token expense -- this can be the key to a whole new attitude toward education -- a brand new desire to raise himself to a better life. Surely this is a bargain at the price!

Next week, beginning Sunday, is National School Lunch Week -- so proclaimed by the President. I hope that each of you -- as a food editor -- will take occasion during the week to find out about the school lunch program in your community. Support it if it needs support. And enlist the backing of your community as only the hometown newspaper can.

Let me describe briefly how other USDA food use programs are also being strengthened.

The Special School Milk program makes it possible for the Department to use funds of the Commodity Credit Corporation to increase milk consumption by children in schools ... in non-profit child-care institutions ... and non-profit summer camps for children.

Through about 94,000 of these outlets -- the milk program this school year will account for the distribution of 3.1 billion half pints. The program overlaps the School Lunch Program, but we estimate that the milk program reaches 14 million children who are not served by the School Lunch Program.

Through the Plentiful Foods Program, with which each of you is familiar, the Department of Agriculture focusses attention on foods that are especially abundant ... giving consumers an opportunity to know what is likely to be plentiful at low cost at a particular time. Carrying this information to the public is an activity in which food editors can be, and are, extremely helpful.

Thus, this description of the efforts of the USDA to do a more effective job in the new science of using food abundance illustrates another point that often is overlooked when people think of the USDA.

The Department is -- and has always been -- the major consumer agency of the Federal Government.

The services the USDA performs range from inspecting food for wholesomeness to grading it for quality; we regulate certain segments of the food industry to maintain a healthy state of competition so that everyone from the consumer on down benefits; we develop and publish a wide range of informational and how-to-do-it pamphlets on food, clothing, home repair, lawns, trees and shrubs and many other topics; through the National Forests, and now through the programs to encourage recreation on farms, the USDA helps provide a major source of outdoor recreation for all Americans.

A recent report of the House Agriculture Committee, "Food Costs -- Farm Prices," shows that two-thirds of USDA expenditures currently go for programs which are of primary benefit to consumers, businessmen, and the general public.

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The results of some of these expenditures are often reported in your news columns -- for example, the research in developing new kinds of products. The frozen food work is an old story to you -- the new dehydrated foods, too, such as dehydrated potato flakes and fruit juice powders, dried eggs that retain their flavor in storage and new ways of processing nonfat dry milk.

The list of new food forms from USDA research to cut kitchen preparation time for homemakers, restaurants, and institutions is impressive, exciting, and constantly growing. Among the newest are powdered strawberries, raspberries, blackberries, and boysenberries. While still experimental, they may eventually appear on retail markets in pastry and beverage mixes or as "instant puree" for making quick sauces, dessert toppings, jams, and milk shakes.

Other new food forms recently developed by USDA researchers which you may find on grocery shelves before too long: Frozen concentrated apple juice, sweet potato flakes, powdered pumpkin, quick-cooking dehydrated apple pieces for pies or applesauce, instant applesauce; dry whole milk; and explosion-puffed dried fruits and vegetables which require no refrigerated storage, cook quickly, and taste like they're fresh.

This is a greatly abbreviated summary of the consumer-oriented research that is going on in the Department. Rather than describe it, I invite you to visit us and see all that is being done in the broad range of USDA research and services. We will be most happy to arrange tours and visits at your convenience.

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I extend this invitation because all of us in the Department are very much aware that you can help us do our most important task, and that is to keep the consumer informed. The right of consumers to be informed is basic to the effective exercise of their rights of economic choice and economic voice which President Johnson has pledged this Administration would protect.

Information is especially vital for that portion of the population which lives in poverty amid plenty -- and for that larger part which, while not impoverished, needs to budget carefully to make ends meet.

In 1961, over one-fifth of U. S. families and unattached individuals had annual incomes of under \$3,000 a year. Over half had incomes of less than \$6,000 a year. In these families information that will contribute to wise management is particularly urgent. They are more likely to be victimized by predatory advertising and salesmanship.

Experts estimate that a typical family could raise its standard of living as much as 15 to 20 percent by more careful buying habits. We surveyed food buying and food prices over a three-month period in Greensboro and Burlington, North Carolina. We found that the housewife could cut her weekly food bill for a family of four by 10 percent -- just by shopping around for the food specials in her neighborhood.

She could save about 6 percent just by buying the lowest priced brands in the same store on the same day.

And if she needed to cut the family food budget more sharply, she could save one third or more by changing the quantities of the different foods purchased. This would mean less meat and less expensive cuts -- more

fruits and vegetables in plentiful supply -- and more cereal products. The meals wouldn't be as fancy and they'd probably require more kitchen duty. But they'd be completely adequate for nutritional needs. And the saving on food costs would be a third or more. Such findings dramatize the urgency of more consumer information.

If American consumers are to get the most out of the Age of Abundance, and if abundance is to be effectively employed in building the Great Society, new consumer programs and new emphasis in existing programs must be developed.

But as important as consumer services are -- it is even more important to get information to people ... to inform people in all walks of life in the art of being thoughtful and discerning customers. And that is your department.

We need your help in carrying to consumers the information that they can get more for their money by keeping up with the foods that are especially plentiful.

We need your help in carrying to consumers the information that they can get more for their money at the food store through the wise use of USDA food grade labels. Not enough consumers buy by grade.

We need your help in encouraging consumers to plan nutritious diets-- and to make wider use of the menu helps available from the Department and the State Colleges.

As food editors, you are playing a key role in helping each American to enjoy a full and satisfying life in the new Age of Abundance.



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I am pleased to have this opportunity to discuss world trade with the Advertising Club of New York. Your membership is a cosmopolitan group, handling the accounts of firms that do business in all parts of the world.

Agricultural trade is important to all of us as individuals and to the nation as a whole. It is important to you and to your clients. It is important to New York as the recognized financial and trade center of the world. It is crucial for the continuing prosperity of American commercial farmers.

Its importance to the economic well-being of the United States is best understood when you realize agricultural trade contributed 40 percent of the nearly \$6 billion favorable balance in trade we enjoyed last year.

Agricultural trade is also the key to the economic development of large parts of the world which have not yet found the way to expand their food supplies as rapidly as their populations grow. Thus, agriculture can and does affect the progress towards a more peaceful and stable world.

All these are some of the major reasons we have sought vigorously to expand agricultural trade. And I believe our efforts are more successful than many people had anticipated.

One of the reports that came to my desk soon after assuming this job in 1961 was a projection of the volume of farm products we might expect to export by 1968. That projection put the figure at about \$6 billion. Since farm exports had not exceeded \$4.5 billion in any peacetime year, this looked like an astronomical figure.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman before the World Trade Dinner of the Advertising Club of New York City, 7 p.m., (EDT), Monday, October 5, 1964.

That timetable, however, has been compressed from eight down to four years.

In the fiscal year ending June 30, agricultural exports surpassed the 1968 target, reaching \$6.1 billion. It was not only a new record for farm products shipped from the United States, but represented by far the largest agricultural export operation ever carried out by any nation in a single year in the history of the world.

For the farmer, exports represented a market for one cultivated acre out of every four. The value of farm exports was equal to half the total net farm income last year.

For the trade, this volume of exports represented new highs in values and tonnages handled, new highs in shipping revenues, and new markets tapped for future development.

The \$6.1 billion exports from American farms last year were 20 percent above the previous year, and 35 percent above the level of four years ago. New records were set in wheat and flour, in corn, soybeans, rice, tallow, nonfat dry milk, hides and skins, butter, variety meats and dry edible beans.

The \$6.1 billion export volume was made up of \$4.5 billion in commercial exports for dollars plus \$1.6 billion in Food for Peace exports. Practically all the gain of \$1 billion over the previous year was in dollar exports.

This extraordinary increase in agricultural exports gave the Nation's balance of payments a healthy assist. I'm sure you recall clearly

that in 1961 the questions of gold outflows, international account deficits, dis-equilibrium in the balance of payments were very much in the news. Then the rate of gold and dollar loss from the Treasury was running close to \$4 billion a year, and the trend had been running that way since 1950, and increasingly so by the late 1950's. The situation was indeed critical.

The new administration had some hard choices to make in 1961. Defense expenditures abroad could be curtailed, economic development obligations could be reduced, American capital for investment abroad could be limited. But none of these courses of action were in the national interest. Any one of them could have done the job -- and the job had to be done.

Instead, another choice was made. It was determined to make every effort to expand exports and counter the outflow of dollars with greater inflow. The Departments of Commerce and Agriculture were chosen to spearhead the drive. The results -- some \$25 billion last year in total exports -- speak for themselves. We had a favorable balance of trade last year of nearly \$6 billion, and agriculture accounted for about 40 percent of it.

If the current patterns hold, and we believe they will, the gold and dollar deficit this year will be the smallest in six years -- and there are good prospects, through trade expansion, of being able eventually to bring our balance of payments into equilibrium.

Trade successes in agriculture today are of vital importance to American farmers, as these figures indicate. But they are equally as important to American businessmen. Every dollar that agriculture earns in export, and every dollar that we spend for farm imports, stimulates commerce. Export dollars buy machinery and fertilizer, pay wages and interest, storage and

transportation, and buy packaging and processing. And every time we add more volume to the flow of trade, new jobs are created -- New York and all America gain in strength.

If I sound somewhat proud of the accomplishments in farm exports -- and I cannot deny that I am -- then I am prouder still of the means by which this record was achieved. It has demanded, and received, an unparalleled degree of responsible cooperation on the part of millions of people.

In the future, four factors hold the key to expansion of U. S. agricultural exports in the years ahead. They are the productivity of American agriculture, the competitive position of our products in world markets, the success or failure of today's efforts for further trade liberalization throughout the world, and progress in building the economies of developing countries around the world so they, too, can become good cash customers.

There is no question at all about the ability of American agriculture to place far more of its products in world markets at competitive prices. Farm output in the United States -- even under wraps -- has long been out-racing the domestic market. Growing domestic markets from higher incomes, better diets and record population have simply not kept pace with agricultural productivity. And the rate of production still continues to climb.

Crop production per acre rose only 10 percent from 1940 to 1950, but by nearly 40 percent from 1950 to 1962. Corn yields per acre rose by 32 percent from 1940 to 1950, but by 70 percent from 1950 to 1962. Wheat yields increased 8 percent in the 1940's but jumped by 52 percent from 1950 to 1962. Cotton yields increased by 7 percent in the 1940's but by 69 percent from 1950 to 1962. And I could go on.

This acceleration of output per acre is likely to continue. We have the knowledge we need for today, and we have the research underway to provide sharp gains in the future. We have the land to go with the skill of our farmers. And we have a system of commercial family farmers who innovate at a rate which would startle even the most progressive businessman.

There can be no question in the next decade or two about the technical ability of American farmers to compete in world markets.

Productive capacity and efficiency, however, are not the only measures of our ability to compete in those markets. We must also produce what the markets of the world want, we must make certain that the world's buyers know what we have, and we must have fair access to markets around the world.

This aspect of our competitive position -- setting aside the question of access for a moment -- is far more a responsibility of the industry and the trade than of the Government. I know you would be the first to agree that it is primarily the job of business to show our products to best advantage.

However, there are many ways the USDA can help.

I look upon export promotion as a partnership arrangement. Within the past year, in cooperation with the trade, we have vigorously promoted beef exports for Europe. You may have seen some of the articles about shipping calves in carton by jet to Italy, for example.

Few people realize that the USDA is today engaged in an aggressive market-promotion partnership with 44 separate agricultural producer and trade organizations reaching into 67 countries. We maintain food exhibits

at permanent U.S. trade centers in Tokyo, London and Milan. We are revising standards on grain to strengthen quality and our competitive position ... we have sought lower transportation rates on grains ... and we have strengthened short-term and long-term export credit facilities.

We have sought to do these and many other things because we believe the Nation's stake in the world's trade in farm commodities is greater today than ever before ... and it will be still greater in the years ahead.

And, next year will be a critical year for the future of world trade. Decisions will be made in Geneva which will determine the course of world trade for years to come. In these talks, trading countries of the world and the agricultural producers in the world are truly at the cross-roads. They may choose to travel the high road of trade expansion and outward looking trade policies, or they can choose the low road of self-sufficient agricultural and restrictive trading systems.

If the commercial trading nations of the free world take the high road, it will mean expanded export markets and a better deal for consumers the world over. If they take the low road, it will mean higher costs for consumers, lower standards of living, and renewed political differences arising out of economic protectionism.

Only last week, in his report to the Congress on the operation of the trade agreements program, President Johnson reaffirmed the stake of American industry and agriculture in these trade negotiations. Here is what he said:

"We are willing to offer the free nations access to our American markets -- but we expect, and we must have, access to theirs as well. That applies to our agricultural as well as our industrial exports."

Both Christian Herter, the President's representative for trade negotiations, and the Secretary of Agriculture have made it clear for months that the United States will not enter into any ultimate trade agreement in the Kennedy Round without significant progress toward trade liberalization in agricultural as well as industrial products.

The months ahead will determine whether or not the trade talks can live up to the high principles under which they were launched and under which our own Trade Expansion Act was passed. I can assure you that your Government will go to the bargaining table well prepared and determined to reach an accord that is fair to all.

There is a fourth key factor in trade expansion ... and especially agricultural trade expansion. This is world economic development. The key to a growing level of trade is economic development. World trade, in fact, expands at a slightly faster rate than the incomes of people throughout the world. And trade in farm commodities has been increasing more rapidly than total trade.

However, the productivity of American agriculture is so great that we will never find a commercial market to match this output in the so called developed countries.

The single most important question in expanding exports becomes, then, whether those who want to buy can pay.

Historically, the best export markets for U. S. agricultural products have been the highly developed countries. These countries have higher incomes per person, and their consumers demand not only a larger volume of farm products but also a greater variety of products. U. S. agricultural trade with the developed countries has grown about in line with increases in population and income growth, particularly when we are successful in international trade negotiations.

But in the future, if we are to sell what we can produce we must look to the great undeveloped market that lies in the developing countries of the world. Population in these countries is increasing more than twice as fast as in the more highly developed countries. Most of the people in these countries have been poorly fed and poorly clothed. They will want more and better food and clothing as their incomes improve. This tremendous need for more food and fiber will be translated into market demand only if economic growth can be stimulated and personal incomes increased in these lands.

Let me illustrate with a few figures how U. S. agricultural exports depend on income levels abroad.

In the less developed countries of Asia and Africa where per capita incomes are a little over \$100 a year, our commercial exports of farm products average about 25¢ per person per year.

In Japan, where per capita incomes are about \$350 a year, our commercial exports of farm products average \$4.70 per person.

In the European Common Market countries where incomes are about \$850 per person, our exports of farm products average \$6.00 per person.

In the European Free Trade Area, where incomes are a little over \$1,000 per person, our exports of farm products average \$7.00 per person.

And in Canada, where per capita incomes are close to \$1,600, our farm exports average \$24.00 per person.

What could indicate more clearly the stake of American agriculture in world economic growth? There are large potential markets for our farm products in the emerging friendly countries of Latin America, Asia and Africa. But, if these countries are to become effective commercial markets, they must achieve economic growth and rising incomes. When that is assured, our farmers will certainly provide the food at prices competitive with the rest of the world.

Small increases in income for the nearly 1.5 billion people that live in these countries would have large effects on their imports. We find that we export about \$1 worth of farm products for each \$100 of income in both developed and less developed countries. If these less developed countries were able to increase their incomes by \$100 per person, they might import over \$3 billion worth of agricultural products from the United States each year, or about double the \$1.5 billion we now export to them.

But no nation can hope to climb into the take-off stage of economic development without first achieving substantial gains in its own agricultural productivity. Farm products from other countries, such as

those we are supplying under the Food for Peace program, can meet a part of the rapidly growing needs, and can contribute significantly to economic development. Food is increasingly being used as capital for roads and dams; food helps to educate children. Most of the rising requirements in these countries must be met, however, by expanding their own domestic agricultural production. And we must help them to do so.

Progress in agriculture comes slowly, however. The abundance we enjoy today had its beginnings over a century ago with the founding of the Land-Grant College system and it evolved with the infusion of massive research programs on plants and animals and the development of techniques to carry this research to those who live on the farm.

Our own experience indicates that technical assistance to help create more efficient and productive agricultural systems is necessary. We have pioneered the way, and now we must, as pioneers do, show the way to other people.

It is a mistake to assume that such expansion of agriculture in the less developed countries means smaller markets for our products. Quite the contrary is the case. Both history and the logic of economic development and trade show that economic development expands markets; and the United States, with the most efficient and progressive agriculture in the world, will get a major share of the resulting expanded food markets.

Japan over the last decade provides a dramatic example of this. Its domestic agricultural production increased 3.7 percent a year, while

its population increased only about 1.4 percent annually. Yet, during that same decade, Japan became our largest customer for farm products -- with a volume over \$600 million during fiscal 1963-64.

The connection between aid and trade is clear.

It is clear in terms of dollars and cents as I have indicated, for it is important to our own economic well-being that we help create the markets for our farm products.

But it is also in our own best interests for another reason than simply the economic benefits.

It is in our best interests because it is right ... it is right because part of the American dream has always been a willingness of one human being to help another.

Perhaps it started because frontier life demanded this as the price for survival. But the frontiers of the new age we are entering as the 20th century closes demand this same human quality if we are to see the 21st century dawn.

And so, trade and aid do go together.

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, October 6, 1964 X

Secretary Freeman Opens Cooperative Month Display in USDA Patio:

Secretary of Agriculture Orville L. Freeman today opened a 17-day exhibit at the U.S. Department of Agriculture in observance of Cooperative Month.

In his opening remarks the Secretary cited five major contributions which cooperatives and USDA, working together, make in building a better America. The Cooperative Month display is in the Patio of USDA's Administration Building.

Text of Secretary Freeman's remarks follows:

It is a privilege and a pleasure to welcome all of you to the opening of this exhibit.

I think the first order of business should be to present the distinguished persons here on the platform -- even though to most of you they need no introduction.

Let me begin with three long-time friends and staunch defenders of cooperatives.

Charles Murphy, Under Secretary;

John A. Baker, Assistant Secretary for Rural Development and Conservation;

And George Mehren, Assistant Secretary for Marketing and Consumer Affairs.

Now it is my pleasure to present the members of the National Cooperative Advisory Committee:

J.K. Stern, President, American Institute of Cooperation;

Kenneth D. Naden, Executive Vice President, National Council of Farmer Cooperatives;

Roy F. Hendrickson, Executive Secretary, National Federation of Grain Cooperatives;

Pat Healy, Assistant Secretary, National Milk Producers Federation;

Clyde T. Ellis, General Manager, National Rural Electric Cooperative Association;

Dwight Townsend, Director, Washington office, The Cooperative League of the USA.

We are honored also by the presence in the audience of members of Congress, the National Agricultural Advisory Commission, the Farm Credit Board, and representatives of many departments of the Federal Government and agencies of the USDA. A warm and hearty welcome to all of you.

The general title of this exhibit explains its purpose. "COOPERATIVES -- USDA HELP BUILD A BETTER AMERICA."

Here in the central exhibit you see emphasized five major contributions which cooperatives and USDA, working together, make in building a better America. These five contributions -- or building blocks -- are:

1. Improved income for farmers -- cooperatives make it possible for many family farmers to stay in business.
2. A healthier rural economy -- cooperatives are in the forefront of the Nation-wide drive to revitalize rural America.
3. Better quality -- cooperatives provide incentives for producing top quality products.
4. The development of greater international understanding -- cooperatives provide a common bond among the people of countries throughout the world.
5. The strengthening of democracy -- the basic principle of cooperatives is democratic control by the members.

As you go around the Patio you will see exhibits from 16 USDA agencies and the Farm Credit Administration depicting some of the ways in which cooperatives and these agencies complement one another. They call attention to the mutual interest that cooperatives, the Department of Agriculture, and the Farm Credit Administration have in helping farm and rural people help themselves.

This close working relationship is of long standing. It goes back over a century, to the beginning of this Department. It continues today stronger than ever.

Among the exhibits you will also see 15 milestones of cooperative progress and the official proclamations by the Governors of 12 States designating October as Cooperative Month.

Beginning this morning and continuing for 18 days, Cooperative Month will be observed by the Department not only through this exhibit but through workshops, agency days, an international day, news and magazine articles, motion pictures, tours, and in other ways.

This is the first time that the Department has actively participated in the observance of October as Cooperative Month. I am delighted that this is being done and I want to take this opportunity to commend all those who have worked so long and hard to make this observance possible.

These activities have a twofold purpose. On the one hand, we hope to focus the attention of the American people on the many services rendered this Nation by rural cooperatives and our agencies. On the other, we seek to remind cooperatives and our agencies that their services to America must be constantly improved.

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THE GREAT SOCIETY'S CHALLENGE TO COOPERATIVES

It is a great pleasure to meet with so many mutual friends of the cooperative movement -- in Cooperative Month -- when the governors of 12 States are honoring cooperatives through official proclamations.

To me our farmer cooperatives represent one of the great instruments of our democratic free enterprise system. They are an essential part of the business community. They stimulate the economy. They promote general prosperity. But, above all, they serve, protect and give "market muscle" to the individual.

They recognize the individual -- because the votes (one vote for each member regardless of the number of shares) and needs of the individual members direct cooperative activities. They speak for the individual -- because they bargain in the best interests of member-owners.

I believe these cooperative principles are sound, and I am proud to have had the opportunity both as Governor of Minnesota and Secretary of Agriculture to support and encourage the cooperative movement.

Permit me to talk with you today about a challenge and an opportunity to which the cooperative movement has much to contribute in this changing world of New Frontiers.

Almost without our knowing it we have entered a new age, an Age of Abundance -- an age which makes possible for the first time in history the development of the Great Society envisioned by President Johnson.

Address Prepared for Delivery by Secretary of Agriculture, Orville L. Freeman, in Connection with U.S. Exhibit on Cooperatives in the Jefferson Auditorium of the Department of Agriculture at 2:30 p.m., EDT, Wednesday, October 7, 1964.

The task of our generation is to build a better America -- an America which President Johnson has eloquently described as "a place where the meaning of man's life matches the marvels of man's labor.

"...where every man can find reward in work and satisfaction in the use of his talents.

"...where every man can seek knowledge, and touch beauty, and rejoice in the closeness of family and community."

The Great Society is particularly challenging to cooperatives because cooperatives have always been guided by an amazingly similar concept. Cooperatives are composed of people who work together -- who share labor and resources -- who are not predominantly self-seeking -- who are primarily interested in the general welfare -- who have a community viewpoint.

People such as these made America great. Whenever the nation seemed in danger of bogging down, they got America moving again. People such as these must -- and will -- take the lead in thousands of communities throughout the land in building a better America. They are the leaven of the Great Society.

As we look about us, we see that much progress toward the goal has already been made. We see it in an economy which is enjoying the longest and biggest peacetime expansion in our history.

Since early 1961 industrial production has increased by more than one-fourth. Nearly 5 million more persons are employed. Unemployment has fallen to the lowest level in 7 years.

We see it in the fact that since early 1961 personal income after taxes has risen more than 20 percent.

The annual income of the average American family -- after taxes -- is up more than \$1200 -- it's up \$500 in the past year alone.

Farm income has also improved. Over the past three years gross farm income is \$8.5 billion higher than if 1960 levels had continued. Net farm income is over \$2.5 billion higher. And the net income per farm has gone up \$543 between 1960 and 1963, or 18 percent. Higher farm income has created 200,000 more jobs in factories and stores today. This represents solid progress, but much more is needed. Our goal is full parity of income for the farmer and full parity of opportunity for all who live in rural America.

But though the promise before us is bright, at this moment of history one fact stands out in stark relief: the progress we have made only begins to meet the real needs of the American people.

We still face the challenge of putting the capacities of the Age of Abundance properly and fully to work.

We have learned how to produce abundance -- but not fully how to use it.

We have the food to wipe out hunger -- but millions are mal-nourished.

We can provide the research and skill to eliminate most diseases -- but we are falling short of the goal.

We have the capacity to educate not some of our youth but all -- but we are not yet doing it.

We have the means to furnish ample medical and hospital care for young and old alike -- but many of our aged are denied it.

We should be able to provide opportunities for gainful employment -- but three and a half million of our people cannot find jobs.

We can wipe out poverty -- but nearly one-fifth of our families still have incomes of less than \$3,000 a year.

We can insure that the countryside becomes not only the source of our food abundance, but also a source of leisure time activities through creative conservation of land and water.

Many of these deficiencies are especially prevalent in rural America.

Rural people should not be denied parity of opportunity with city people just because they happen to live in the country -- but they are.

We look to you to help insure that the child of tomorrow born in rural America will have the same opportunity as the child born in the city -- and that all, in city and country alike, will have the opportunity to enjoy fully the advantages of the Great Society.

This is no small challenge. It is the biggest and most demanding we have ever been asked to undertake.

We have no choice but to accept it.

The past is a record of achievement by the American cooperative movement -- and it is an indication of the strength that can provide a doubled and redoubled effort in the future.

You have proved that you can effectively increase farm income. The direct saving achieved by cooperative marketing of over \$10 billion worth of farm products annually -- and by cooperative purchasing of major supplies -- adds close to half a billion dollars a year to farmer's income. The indirect saving is larger still.

You have shown that you can help farmers produce better quality products. Brand names like Sunkist, Rockingham, Land O'Lakes and Dairylea stand for quality wherever they are seen.

You have demonstrated that you can help build a stronger rural economy. Rural electric cooperatives, for example, have made it possible for millions of rural families to live as conveniently as city families.

You have helped build and hold foreign markets for our farm products. And you have promoted international understanding by helping people in other lands start and build up cooperative enterprises.

You have strengthened democracy in every corner of America -- because cooperatives are economic democracy in action. They are a bastion where individual initiative of economically independent people can operate in an atmosphere of community responsibility.

The promise for the future implicit in what you have already done is proof positive that your contributions to farmers, to rural communities, and to America have never been more urgently needed than now.

But if cooperatives are to fulfill their function in meeting the challenge of the Great Society, it seems obvious that they must give increased attention to several basic needs which will make them stronger and more viable.

First, the need for expansion. Cooperatives are still mostly "small business." One-fourth of them do less than \$200,000 business a year; half do less than \$500,000; and about three out of four do less than \$1 million annually.

Cooperatives are not able to dominate markets. Nor do they seek to do so. But many cooperatives today find that transportation improvements, the steadily shrinking farm population, and the increasing size of other competing businesses make expansion necessary. They need to be bigger to compete. They need to be big enough to keep markets free and open.

Second, the need for better management. To be just good is not good enough. You must be the best run business in your community. In

business management you must be ahead and stay ahead of everyone else. This means being constantly alert for innovations and new research discoveries. It means being quick to adapt such improvements to your operation.

Third, the need for increased cooperation among yourselves -- especially in the areas of joint sales agencies, joint promotional and advertising campaigns, and coordinated marketing programs.

Fourth, the need for added services to save members time, labor and money. This may mean increased agricultural integration or it may mean taking on more of the farmer's marketing and purchasing chores -- such as direct pick-up at the farm of eggs, milk, poultry for processing -- or services similar to the on-farm-tire-and-repair activity now provided by some cooperatives.

Fifth, the need for vigorous leadership to broaden the perspective of cooperatives, especially in community development projects. The time is ripe for imaginative endeavor. Groups of farmers, seeking extra income, can form recreation cooperatives to develop farm based recreation facilities for family vacations and for hunting, camping, fishing, hiking and horseback riding. USDA loans are made for these activities, not only to provide additional income opportunities but also to provide new opportunities for leisure for an increasingly urban people.

Look at the Custer County Gameland Project, for example. Twelve participating families in Custer County, Nebraska, launched this project in 1961. In 1962 sponsorship was taken over by the county RAD committee. Some 200,000 acres of private land in Custer County were opened for hunting

on a fee basis. About 75 families now offer room and board facilities to out-of-state hunters. The result is some \$300,000 additional income for the county residents each year.

I am impressed with what some rural electric cooperatives are doing in promoting recreation.

In Pennsylvania, the Valley Rural Electric Cooperative, at Huntingdon, obtained a REA Section 5 loan for \$110,000 last year to finance electrical equipment for a new ski resort. During the first season last winter, skiers came from all over the East. When the resort first opened, it created new jobs for 100 persons. Nearby motels and other service industries reported much new business.

In Hawkins County, Tennessee, the electric cooperative is lending a hand to local people in developing a large recreational facility called Poor Valley Park.

Near Carlinville, Illinois, the rural electric system helped develop a recreational facility for a local church group.

This illustrates a trend that shows promise of getting bigger every year.

Cooperatives for grazing, feeding or marketing livestock can be developed with loan funds from the Department to enable groups of farmers to produce uniform quality cattle or hogs.

Farmers and townspeople can get together in non-profit industrial development groups to convert low income cropland into industrial sites. With financing by government loans, they can modernize community water and sewage services to encourage new industry.

In the past three and one-half years the Farmers Home Administration has loaned or insured loans for more than \$70 million to various cooperative-type groups. More than 350,000 rural people now benefit from services provided by these groups.

The result has been a vast array of beneficial projects -- from rural water and irrigation systems to rental housing units for senior citizens and farm laborers, from recreational enterprises that benefit the whole community to grazing associations that give small ranchers a chance to make a better living and compete with the big fellows.

All over America cooperatives are helping local people generate new life and new opportunity in their communities. Over 100,000 people are actively participating in more than 16,000 community development projects. Co-ops are in the vanguard of many of these projects.

Such accomplishments richly deserve applause. But we urge all of you to see if there is more you can do -- whether it is giving personal time and effort to RAD projects in your area, or expanding the services of your cooperative or forming new cooperatives to run new recreation or business ventures.

We in USDA want to help you make your contribution as effective as possible. We accept fully our responsibility to encourage the growth of cooperatives and to provide research, educational and advisory services that will help strengthen cooperatives in all appropriate activities.

I am extremely gratified at this time to announce a new program just authorized by the Congress that will be of direct financial benefit to farmer cooperatives.

This program is authorized by the new Economic Opportunity Act -- which might be termed the "War on Poverty" Act.

Section 303 of Title III provides for direct loans to rural cooperatives made up predominantly of low-income families. These loans can be used to finance a wide variety of services not now available to such families. They include:

Marketing of farm produce.

Purchasing needed farm supplies.

Processing agricultural products.

Collection, transport and marketing of such "cottage industry" items as handicrafts.

Rough sawing timber and transporting it to a collection point.

Cooperative ownership of farm machinery for custom work on members' farms.

All of these, and many more, are cooperative ventures that might be financed with the new loans.

The only major restrictions are:

(1) That they serve rural families two-thirds of whom are genuinely low-income people.

(2) That they don't duplicate a service already available conveniently and reasonably.

(3) That the cooperative cannot obtain credit from any other source.

Under present plans, the Department of Agriculture will be assigned this new loan program.

It has many, many excellent possibilities.

It can help disadvantaged families get some of the services they've always needed to live better.

It can strengthen the cooperative movement.

Of great importance, this new program of loans to small cooperatives will provide the Department with some excellent experiences in how, where and when we can help finance cooperatives that have no other source of credit.

Thus, you can see that your government and this Department are not standing on the sidelines. We are right beside you in this effort to see to it that rural America is reborn as a land of opportunity.

I urge you to explore these new possibilities.

It is our hope that this Cooperative Month -- and this observance and the Exhibit in the patio -- will fire the imagination of a great many people about the potential impact of cooperatives in this New Age of Abundance.

The Great Society does issue a challenge to cooperatives.

It dares you to be imaginative.

It tests your courage.

It challenges you to lead the people of your communities -- to hold up before their eyes the beacon of hope that says --

We can wipe out hunger and eliminate disease.

We can educate every young American.

We can clean up slums.

We can revitalize sick communities.

We can rescue our countryside from misuse and clear our rivers and streams from pollution.

We can develop new parks and playgrounds and preserve the green areas and open spaces which recreate the spirit.

We can build the Great Society -- and we will.

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U. S. Department of Agriculture
Office of the Secretary

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I am pleased to be here today to help call attention to the fact that food is a bargain. The American consumer has the blessing of more than 6,000 food items at her local market. She can find what it takes to bake a cake from scratch, or she can reach for a wide variety of mixes or other convenience foods that save her time and effort.

In addition to this broad variety of choice, which makes her uniquely independent in the marketplace, she also benefits because she spends less of the family income for food than her mother, or grandmother, and far less than homemakers of other nations.

Food is a bargain for a number of reasons. First and most important, the American family farmer has developed the most productive and efficient system of agriculture the world has ever known. He has truly brought about this Age of Abundance. Our system of family farming, based on a long established spirit of cooperation between farmer, industry and government, enables the farmer to make maximum use of the substantial soil and water resources of this nation.

Food is a bargain because the complex process of food marketing -- from the farmer's gate to the city supermarket -- has grown in efficiency and complements the farmer's efforts.

And, food is a bargain because the American consumer is part of a healthy, vigorous, and growing economy. Here are a few facts which will illustrate why -- and how -- food is a bargain:

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Summary of Statement by Secretary of Agriculture Orville L. Freeman at a News Conference in New York City, N. Y., Monday, October 19, 1964, 11:00 a.m., EDT.

Food prices have risen less than most other goods and services in the past few years. Take a recent base period -- 1947-49 -- for example. Since then, retail prices of all food (including imports and seafood) have increased only 25 percent, whereas nonfood living costs have risen 35 percent.

Retail prices of U. S. farm-grown food have risen only 15 percent;

Rent has increased 47 percent;

Medical care, 69 percent;

Transportation, 52 percent; and

Personal care, 38 percent.

In the United States, we spend less than 19 percent of our take-home pay for food. In 1947-49 we spent 26 percent. Britishers spend 29 percent; Russians 50 percent and more.

It took 60 hours work in 1947-49 to buy a month's farm food supply for the average family; today it takes only 37 hours.

An hour's work in a factory in 1947 would have bought two pounds of choice beef; in 1963, nearly three pounds, or milk, 6.5 quarts compared with 9.5 quarts today, or two dozen eggs, compared with five dozen today, or 25 pounds of potatoes compared with 37 pounds today.

For an hour's pay, the American factory worker can buy the food to cook a meal for four people:

In Germany and England it takes two hours work to buy the same meal;

In Austria, 4 hours;

In France, 4-1/2 hours. and

In Italy, more than 5 hours.

Compared with 1947-49:

Each farm worker produces 150 percent more. Each food industry worker turns out 30 percent more. One farm worker feeds (and clothes) almost twice as many people -- 31 compared with 16.

Yet, farmer's prices for food products are down 15 percent.

For every dollar the housewife spent for food in 1947-49, the farmer got 50 cents; today, the farmer gets 37 cents.

Putting it another way, 15 years ago, the typical city family spent about \$940 a year for farm food; the farmer received \$466 of this, or about half. Today, the city family spends about \$1,078 for a comparable food supply, and the farmer gets about \$394 of this -- \$72 less than he got 15 years ago.

Those are just some of the many illustrations of how and why food is a bargain.

But we have only touched briefly on the most important benefit of this bargain.

As we spend less of our income for food, we have more money to spend on other things -- education for our children, health care, music, art, books, recreation, travel, improved housing, automobiles -- all the things which together help to make life more enjoyable and which help to strengthen our position of leadership in a world where peace and abundance are goals that all people seek.

It is overwhelmingly clear that Food is a Bargain and that the American consumer has benefitted handsomely from both the production revolution and the marketing revolution in food and agriculture.

But most farmers have not; and I submit that it is only fair and just that all of America -- all of us who have benefitted -- join together in the challenge of accomplishing parity of income for the American farmer.

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, October 29, 1964

For P. M. Release October 30

Sec. Freeman Releases 'Significant' Report on Food and Fiber Reserves:

Secretary of Agriculture Orville L. Freeman today (Oct. 30) released what he called a "highly significant" report on food and fiber reserves by a subcommittee of the National Agricultural Advisory Commission.

"This report can make a substantial contribution to public discussion of the vital question of national food reserves," the Secretary said. He stressed, however, that the report does not represent a policy position of the U. S. Department of Agriculture or of the Administration.

The National Agricultural Advisory Commission, consisting of 25 members appointed by the President to advise the Secretary of Agriculture, made the report after intensive study by a Commission subcommittee.

Discussing the need for reserves for national security purposes, the report indicates that there is a wide range of potential needs. The lower level would be the minimum required in event of hostilities. The upper level would -- in addition to meeting this minimum -- be designed to meet additional problems, such as natural disaster, inadequate diets in the United States, and acute hunger problems abroad.

The report considers the costs of food and fiber reserves, allocation of these costs, and management of the reserves along with attendant problems.

One of the NAAC report's recommendations is that a task group be set up to study problems involved in food and fiber reserves, and the report suggests what course the task group might follow in its study.

Charles R. Sayre of Greenwood, Miss., was chairman of the subcommittee that prepared the report.

Text of the report is attached to this press release.

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Office of the Secretary

11-12-64
It is good to be back with you once again. I haven't missed one of the Grange national meetings for the past four years. Your cordial welcome and your continuing invitations make me feel like a regular member. And that -- I can assure you -- is a good feeling.

Much has happened since we were last together. We have experienced great sadness at the tragic loss of President Kennedy...followed by reassurance and confidence as the reins of Government have been so ably taken up by President Johnson. The people spoke on election day of their confidence in what he has done.

But they spoke of much more than their confidence in the abilities of President Johnson. They spoke of their support for his programs, and for the direction which public policy has taken these past four years. And no group spoke louder or more clearly than did the farmer and those who live in rural America.

As often is the case when great and momentous events occur, the actions which led up to the election can be seen in much clearer perspective afterwards. This is particularly true for agriculture and rural America. I would like to discuss with you tonight some of the implications of the election results.

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Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman, before the National Grange Convention, at Convention Hall, Atlantic City, New Jersey, Monday, November 16, 1964, 8:00 p.m.

I believe it is clear now that the past four years have been significant years in deciding what our agricultural policy should be for this decade. The elections of 1964, rather than forecasting revolutionary changes in farm policy, indicate that we have passed through the storm over policy and that the present direction in agricultural policy will continue.

A year ago at your meeting in Portland I said that "the people as a whole and farmers in particular are in the process of enunciating a new agricultural policy that gives meaning and direction to what seems at times to be a confused picture with unanswerable questions. We have been moving in the direction of clarification for some time, although the efforts to test the limits of the new agricultural policy are often obscured by the noise and rhetoric of the debate."

The pragmatic search for an economically viable farm policy which will gain a consensus among farmers and support from the nation has been successful. The battle of the past four years over the direction of farm policy -- over whether there will be commodity programs or whether commodity programs will be phased out in a short and specific period of time -- has ended. Those who sought to abolish commodity programs and who opposed the efforts to expand the rural economy have been resoundingly defeated. There should be no doubt as to the meaning of the recent election in this regard.

The new agricultural policy that has emerged from the clamor of the political battlefield is a broad and diverse policy.

(more)

It includes commodity programs. And it includes community programs, for many of the economic problems which challenge rural America today cannot be solved through commodity programs alone. It also includes consumer programs, for the task of insuring an adequate and dependable supply of food and fiber for the American people at fair prices requires more than commodity or community programs. And it also includes trade programs, both those designed to expand present commercial export markets and those designed to aid the developing countries to achieve a level of economic growth that will enable them to become strong commercial trading partners.

Let me, then, tonight discuss this program for the decade of the sixties in more detail with particular emphasis on the community development programs.

First, commodity programs. The 1964 elections established one point clearly: the farm voter and the public gave bipartisan endorsement to the economic wisdom of farm commodity programs. In doing so, they came to the same general agreement found among farm experts and professional agriculturalists that commodity programs will continue to be necessary if adequate family farms are to receive reasonable returns during a period of rapid and massive technological change.

A comparison of the past four years with the four years previous to 1961 provides some positive evidence of this. Net farm income during the 1961-64 period averaged nearly \$900 million a year higher than in the 1957-60 period. The significant difference between these two periods is

(more)

that a conscientious effort has been made since 1961 to develop commodity programs which seek to strengthen the incomes of the family farmer. The results indicate we are on the right track. Net farm income has been stable at an improved level for four years. Net income per farm is up 20 percent since 1960. There is still need for significant improvement as we strive to reach our goal of parity of income. But nearly one million efficient family farmers as a group are approaching incomes and returns on their investments which are comparable or nearly so with the earnings of others who do comparable work.

These gains have not been easily won. If they are to be maintained and progress continued, then the public consensus that has been achieved in this election must be translated into meaningful programs.

But we must be careful not to delude ourselves into believing the consensus as to the direction of farm policy will automatically translate itself into better farm programs and parity of income. The struggle over farm legislation will repeat itself in the next session of the Congress. However, next session instead of struggling over whether we should have commodity programs at all, the fight will be on details of the programs. And you know as well as I that if we are not careful the commodity programs themselves can be lost in the dust and confusion and frustration of the debate over the details.

I predict that the enemies of commodity programs will seek in this fashion to do what they could not do in the election.

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The next session of Congress will indeed be critical.

The voluntary programs now in effect for wheat, feed grains and cotton terminate in 1965. This means that legislation must be enacted next session to renew and improve them. Consideration must be given to changes in the tobacco program. Many peanut growers have indicated that program needs to be improved. Certainly, the present incomes which dairy farmers earn are inadequate. Wool and sugar legislation are also on the agenda. And this is only a partial list.

I would like to recommend to the Grange tonight and to other individuals and organizations as well that you give thoughtful and serious consideration to the recent farm policy recommendations made by the National Agricultural Advisory Commission as you focus your attention on the commodity programs that will be before Congress next session.

This report, the product of six months of intensive study and discussion by the Commission, is a thorough review of the major commodity and land use policy questions which are likely to be considered by the Congress. We owe much to the members of the Commission for undertaking this work...particularly your own Harry Caldwell and Lars Nelson.

Commodity programs are only one area in which the farmer and the people of rural America registered their views in the 1964 elections. By their vote they said they wanted progress toward parity of income for the family farmer, but they voted as well for parity of opportunity for all of rural America.

(more)

You recognize, as do I, that the continued and intensified effort to expand world markets for farm products is an essential means of attaining the goals of parity of income for the farmer and parity of opportunity. Bigger markets will bring better incomes to farmers, and the expanding volume of trade will help create new jobs and income opportunities throughout the whole economy, particularly in rural America.

The record \$6 billion in farm exports which we reached in fiscal 1964 was the product of vigorous market promotion in the rapidly growing commercial markets of the world...of an investment in the economic development of a number of countries which have become strong commercial markets for U. S. farm products...and the continued investment of food and technical assistance in the developing countries to help alleviate hunger and to help them build and grow so they can become strong countries and future commercial markets.

This is the recipe for future expansions of markets for U. S. food and fiber, and it is the course we propose to follow with prudence and with great vigor. In the current negotiations now underway in the Kennedy round, basic policy remains unchanged. As President Johnson indicated last spring, "We are willing to offer our free world friends access to American markets, but we expect and we must have access to their markets also. That applies to our agricultural as well as our industrial exports.

"The United States will enter into no ultimate agreement unless progress is registered toward liberalization on the products of our farms as well as our factories," the President said.

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Those negotiations are now entering their critical phase. Events are beginning to occur rapidly, and it is difficult to assimilate their full meaning quickly. In times such as these, no one should be so rash as to interpret tactical measures as implying policy changes.

If the efforts to protect and to enlarge the commercial markets of the farmer have become somewhat dramatic and suspenseful, then I think they reflect the general outlook which has come over the whole of agriculture and rural America these past four years. And for me -- and, I hope, for you -- the greatest drama yet will unfold in the years ahead in the rural communities and areas throughout America.

I refer here to the opportunity which awaits each of us as we began the task of achieving the promise of the Great Society in rural America.

Commodity programs to strengthen farm income will play a vital part in this, as will the effect of a growing export market for what the land produces. But the greatest need and the greatest opportunity for waging the war on poverty and achieving the Great Society in rural America will be found in the community development programs which will benefit all people in rural America.

Fewer than one out of four rural Americans today lives on a farm, and in five years the proportion will be one in five. Many of those who live on farms now look to farming for only part of their income. It means that about one out of 10 people in rural America will find their place in the Great Society through farming; for the others, parity of opportunity will and must be found through other means.

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This fact is reflected strongly in the election of 1964...for most of the 58 million people in rural America who cannot look to commodity programs directly for assistance in reaching for better opportunity have said they want better than the eroded economy which they find in so much of rural America today. And with a strong bi-partisan vote, they chose President Johnson and Senator Humphrey to lead them toward the goal of a Great Society in the country as well as the city.

This vote in rural America reflects a concern about farm prices and farm income...but it also reflects a deeper and even more troubled concern -- the concern as to what is happening to rural life. You know as well as I the unanswered questions which express this concern in thousands of rural communities....why are we losing people....why don't we have alternative job opportunities...why do our children and our neighbor's children have to leave in search of new opportunity....what is going to happen to our churches and schools, to our clubs and lodges....how can we support adequate schools with inadequate tax bases?

These questions, and the sense of hopelessness they sometimes contain, are an emotional expression of some hard facts: Median family income in rural America is only 60 percent of the urban median...under-employment -- without regard to unemployment -- is between two million and three million man-years of work...the average adult in rural areas has two years less schooling than the average urban adult...expenditures per pupil in the most rural states are well under half what they are in most urban states...over 14,000 rural communities have no central water supply...and one out of four rural homes lack indoor plumbing...rural health services are inferior, and child and youth mortality rates are 50 to 100 percent higher.

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What does it add up to? Simply this: rural America today has jobs which need to be done...people who need jobs to do...and lags behind the rest of America in getting about the tasks that need to be done. Rural communities have lagged behind urban America in the growth and development that creates new opportunities.

Thus, the task of achieving the Great Society in rural America is to achieve growth and development to bring opportunity to all the people in rural America.

What I have said is nothing new...but the spirit of adventure and determination to do something about it that I see today in rural America is new, and it makes the difference. The wish to have the Federal Government join as a partner in this adventure is new, and this, too, makes a difference.

We have been moving toward this goal in an organized fashion now for almost four years. In my first year as Secretary, we began with an idea borne of a few pilot projects and a mountain of hope; and with this we launched a nationwide Rural Areas Development movement.

We promoted the formation of RAD committees and backed them up with Technical Action Panels of Federal and State employees in each State and county. The Area Redevelopment Act, in eligible areas, gave these committees an immediate job -- the preparation of community development programs that could be put into effect with the help of Federal funds.

The Food and Agriculture Act of 1962...the Magna Charta of Rural America...and other legislation gave us lending authority for the first time for rural non-farm housing, for recreation, for rural water systems,

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and for some experimental development approaches we call "rural renewal" and "resource conservation and development." In addition, the small watershed program under PL 566 was expanded. The Accelerated Public Works Act provided a big lift for many communities. The Manpower Development and Training Act and the Vocational Act of 1963 followed, and this year the Economic Opportunity Act was added...both offering additional promise.

As a result, the Rural Areas Development movement is becoming an active force in rural life. More than 2,100 counties have RAD committees, each supported by Technical Action Panels. These committees have carried out 17,000 projects to date, helping to create some 365,000 new jobs. More than 50,000 rural people have been, or are in re-training courses.

We have made over 400 loans for new farm-based and community recreation enterprises. Over 18,000 farmers and land owners have developed a recreation activity on their farms for income purposes. We estimate that the new recreation areas developed in the past 20 months in rural America will attract some 2.7 million visitors a year.

Hundreds of rural communities have, or will soon have, a dependable supply of pure water for the first time because of rural community water system loans made since 1961. Loans totaling over \$125 million were made last fiscal year alone to build or improve homes for 13,000 farm and rural residents. Some \$8 million more was loaned for housing for senior citizens and for farm laborers.

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Some 2,000 small watershed projects are progressing, and I am especially pleased that an increasing number have begun to include recreation as one of the purposes for development. An active program managing farm forests to increase farm incomes is underway, and the multiple use management of the National Forests is helping to create new job and income opportunities in nearby communities. There are two pilot rural renewal projects and 10 pilot resource conservation and development projects in operation, successfully accomplishing multi-county programming. The pilot food stamp program has become national policy and is bringing food to low income families, expanding markets for the farmer, and stimulating local economies.

I am proud of these accomplishments, for they show that with strong local leadership, the rural community can do much to change the pattern of slow decay and disintegration. But as proud as I am, I also am well aware that we have only begun to cope with the need. Many problems remain...problems which four years of patient effort have helped to uncover.

The next four years will be marked by the struggle to place new muscle in the programs and policies which are designed to raise the level of opportunity in rural America and the rural community.

May I emphasize tonight as strongly as I know how that support to strengthen the current rural development program should be equally vigorous and eloquent as that given to the commodity program area.

Particular emphasis will need to be given to broadening the availability of credit in rural America. Other than in farming itself, the availability of credit in rural America is little better today than it was fifty years ago.

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Where the suburban home-buyer can get a 35-year FHA mortgage with a 3 percent down payment at 5-3/4 percent interest, the same individual in rural areas would be lucky to get a 10 or 15-year mortgage at 6 percent with a 30 or 40 percent down payment. If not, he may have to try to build a house on a 90-day renewable note.

These same discriminatory credit arrangements are found elsewhere. Rural communities pay higher rates on their bonds. Novel but promising enterprises -- such as recreation -- can hardly get credit at all. Most rural businesses are at a relative disadvantage.

If economic development in rural America is to proceed on near equal terms with development in urban America, it will require major innovation in the credit insurance programs available through the Federal Government.

A second area of prime emphasis must be education. The rural disadvantage in educational opportunity at all levels from pre-school nurseries to the training and retraining of adults must be corrected.

The gap in rural educational opportunities does not arise so much from the lack of programs as from the failure of present programs to reach those in rural America who need them the most. This is true of other essential development programs, as well. Yet, it is clear to me that rural America wants these programs...and that the agencies responsible for the programs want to reach out with their services to the people in rural America. What we must do is bring the programs to those who want and need them in rural America.

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It appears that over the years the larger urban cities -- better organized and staffed with more highly trained public officials -- have been able to take better advantage of the Federal programs than the smaller rural communities. Thus, many Federal programs tend to stop at the city line. When smaller communities seek to use the available Federal resources, the first reaction is often one of confusion and uncertainty at where to start. Rather than pursuing their needs, rural leaders often withdraw, carrying with them the impression that the Federal bureaucracy is a well-meaning but uncoordinated and blundering colossus.

To overcome this problem, and to turn the full resources of the Federal Government effectively into rural community development, there is a crying need today for a central clearinghouse...a central channel of communications for the 10,000 or more rural communities to use in focussing the total range of Federal assistance on their individual problems.

I believe that these steps to improve the community development phase of the new policy for rural America are critical. The initial efforts to promote and encourage economic growth in rural areas have received a strong and positive response in tens of thousands of local community leaders. A new pioneering spirit of adventure has come alive, and there is hope in many places where once there was only despair. But that hope cannot be sustained on promise or dreams alone; it must be sustained by results or it will soon die and the effort and momentum that has been created will fade.

I am confident we can sustain that hope with results...and with those results the whole of rural America can reach out to realize the promise of the Great Society -- the promise of better opportunity for all people.

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I am confident because we have achieved great progress these past four years, and our success has prepared the way for even greater accomplishment.

I am aware that an essential part of the progress we have achieved is the dedicated and unswerving support which the Grange has given to the commodity...community...consumer...and trade development efforts we have undertaken the past four years.

In those hours when the future looked black -- and there have been many such hours the past four years, I could always count on the support of the Grange...of Herschel Newsom...Harry Caldwell...Lars Nelson...and many others.

And now, when the future looks its brightest, I have come again to say for myself and for the President...

...We need your help. Let us continue.

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U. S. Department of Agriculture
Office of the Secretary

I am delighted to be here tonight, for I have looked forward to this banquet and to the event we celebrate as an opportunity to explore with you one of the most critical issues of our century -- world hunger, and what we can do about it. I want to present the challenging conviction that we can end the blight of hunger in the free world if we can mobilize an effective partnership of business, agriculture and Government to that end.

The problem is highlighted this week -- National Freedom From Hunger Week -- as we express a humanitarian concern that much of the world does not have enough to eat...while next week -- Thanksgiving Week -- we will be giving thanks for our own abundance while we enthusiastically overeat.

The first Thanksgiving Day grew out of a hunger right here -- a hunger as serious as any that prevails in the free world today. The change indicates it is well within the capacity of our own agriculture and our farm technology to eliminate hunger from the face of the world, particularly in those regions of the free world where food aid and technical assistance are welcome.

What I say here is not theory, nor the projection of a dream based on humanitarian hope. It is a practical, measurable task. We know the dimensions of the world food gap, and we know the capability of present agricultural resources and farm technology.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman before a Freedom From Hunger Week dinner sponsored by St. Joseph's College, Brandywine Ballroom, Marriott Motor Motel, Philadelphia, Penna., Tuesday, November 17, 1964, 8:00 p.m., EST.

A few weeks ago we completed in the Department of Agriculture a comprehensive study of world hunger -- The World Food Budget, 1970. This study shows that the world's food shortage is measurable and it is of a size that can be met -- at least, in the free world.

Our study shows that two-thirds of the world's people live in countries where average diets are too low. This does not mean that two-thirds of the world's people are actively hungry, but it does mean that among two-thirds of the world's people there tends to be varying degrees of malnutrition, ranging from diets that are poorly balanced to actual food shortage and hunger.

By 1970 we expect this measurable world food deficit, in terms of calories, animal and vegetable protein, and fats, to be equivalent to 54 million metric tons of grain, plus 6.5 million tons of nonfat dry milk, plus 3.2 million tons of soygrits, plus 3.1 million tons of vegetable oil.

These projected deficits, in relation to the current level of food production in this country, are the equivalent of about a third of the annual U. S. grain production, a third again as large as total U. S. milk production, about 20 percent of the soybean output and three-fourths of the vegetable oil output.

The greatest part of the 1970 world food deficit -- 93 percent -- will be found in the Far East. Communist Asia alone is expected to account for 62 percent. The hostile attitudes towards the U. S. which prevail in this area preclude any effective action on our part toward reducing portions of the food gap.

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But in those parts of the world where U. S. assistance is welcome, the food deficit can be overcome.

The free world nutritional deficit measured in the cost of food products is estimated at about \$2.6 billion. Compared to our own productive capacity, this gap becomes relatively modest in its dimensions. For example, during the last fiscal year, we exported a record \$6 billion in food commodities, including about \$1.5 billion through the Food for Peace program. The free world food deficit of 1970 would be equal to less than half our total exports. It would be possible for American agriculture to meet this deficit if we used the one-fourth of our agricultural capacity that is now idle. If the food deficit countries could raise their technical capacity, this could also contribute to closing the gap. In a combined way, the free world food gap therefore definitely can be closed.

Before we ask how we can most effectively close the free world food gap, we need first to answer whether we should seek to do this, and to more fully explore the reasons why.

I believe that if we can eliminate hunger, then it is our moral responsibility and obligation to do so where we can effectively apply our talents and resources.

President Johnson, in designating these days as a week of national observance, spoke of "a need for a rededication of men's minds and hearts to the inspiring possibilities of working together to free the world from hunger."

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It does not seem unreasonable for a people who are rapidly learning how to conquer the 240,000 miles to the moon to undertake the challenge of conquering hunger that hovers over the 25,000 mile circumference of the earth.

I know many people share the belief that chronic hunger...chronic malnutrition...chronic listlessness or apathy or resentment that accompany hunger are the greatest obstacles to progress and the greatest source of discontent that we have in the world today.

Thus hunger's twin evils are human suffering, and appalling waste.

Hungry people fail to develop their individual or collective talents. They fail to take their proper places or make their proper contributions in this advanced mid-Twentieth Century. They neither buy nor sell in the world's great markets. They are a source of unrest and a prey to agitation. They fail to comprehend or appreciate the concepts of democracy or individual freedom and responsibility. They are a handicap to world peace. They are, in short, a negative force in a world which can survive only by being positive.

I am not saying this as a condemnation of those who are hungry. They are people, even as you and I. Give a hungry man a good meal today and hope of a good meal tomorrow and he becomes a new person. More food today, and prospect of more food tomorrow, will work wonders throughout the world in removing the doubts and fears of those who are hungry, and in removing some of their biggest obstacles to development.

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This is not academic. For countries such as India, it is serious reality. The food riots that are taking place in southern India, in the state of Kerala, are a serious challenge at this moment to its continued political and economic progress.

There is yet another reason why we should seek to banish hunger from the world...a reason that adds a unique and meaningful dimension to the undertaking we are considering. It is, simply, that abolishing hunger is in the self-interest of the American people. Abolishing hunger can be the crowning achievement of democracy, and in the process unleash an expansive economic force in our national economy, and in the world economy.

It is this aspect of the task of ending the threat of hunger which gives this war on hunger a uniquely American appeal, for the pragmatic American character always functions best when the goal is right and when the benefits of achieving that goal flow equally to all.

It is clear from this, I think, that ending the hunger of the world will be a colossally difficult task. We cannot end the hunger of those in the developing nations by forever making them dependent on generosity of the American people. The developing nations do not want to be dependent, for it would be unnatural for independent people to be so; nor do we ourselves want a permanent world-wide feeding program.

In the long run, countries now short of food must substantially improve their own capabilities. They must expand their food production and they must expand their trading resources so that any food deficits still remaining can be met through purchases in the world market.

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In the short run, these countries must have a helping hand. But I am convinced that we can cope with world hunger only through an effective combination of assistance and development -- both public and private.

The basic principle is no different from that of the barn raisings in the pioneer days of our own country. Our forefathers knew that good farms and good communities were indispensable to their own welfare. When a farmer needed to build a barn, his neighbors willingly pitched in to help him. After this assistance, the farmer recognized that development of the barn's uses was up to him.

Barn raisings, however, took only a day or so at the most. Overcoming the world's food shortage will take many years.

Our own experience in agricultural development underscores this fact. We have had an agricultural improvement program for 102 years... beginning in 1862 with the founding of the USDA, which came with the Homestead Act, continuing through the Land Grant College system to promote agricultural research and education, and including the Extension Service to carry the results of that research to the land. The full impact of this enormous investment in agriculture did not really take effect in this country until after World War II, and then farm production began to surpass even the vaunted industrial productivity of the United States.

By drawing on the great reservoir of knowledge and experience that we and others have accumulated, it will be possible to shorten the world's agricultural development timetable -- but it still will require much time, and it will be one of the most difficult undertakings we have ever faced.

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Our experience in this effort since World War II clearly shows this. Much has been done to begin alleviating world hunger, but often the progress that has been made has only enabled the developing countries to keep pace with the growth in population. The nature of the urgency...and some measure of the difficulty...of the task can be seen when we realize that those nations which have been able to cope reasonably well with the problems of population control are those which have reached a relatively high level of economic development.

Beginning in the late 1940's, the Government of the United States, the governments of many other countries, and the international organizations became actively engaged in the war on hunger. Our programs include both food assistance and technical assistance.

In food assistance, the U. S. during the past 10 years has shipped overseas a total of \$12.3 billion worth of American agricultural products under the Public Law 480 Food for Peace program. The biggest part, \$7.7 billion, moved under Title I sales for foreign currencies. Substantial amounts moved also under barter, grants of food for disaster relief, donations of food through U. S. voluntary relief organizations such as CARE, and through a relatively new program of long term credit sales.

In recent years we have begun to learn to use food as an instrument of development as well as a means of alleviating hunger. In many developing countries throughout the world today, food as wages is being used to pay workers who are building roads, hospitals, schools, irrigation projects and many other community and capital facilities. In addition we

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have begun a vast school lunch program in these countries -- particularly in South America -- with the purpose of encouraging children to become students as well as providing them with perhaps the best meal of the day they get. Throughout the world, we estimate that nearly 40 million children are being helped in some way to get a better and healthier diet.

Along with this, we have been a leading supporter of the World Food Program of the Food and Agriculture Organization of the United Nations. This is an experimental 3-year program in which food is being used, in 89 projects in 31 developing countries, to support social and economic development and school and child feeding. The present budget is \$52 million, with pledges from various countries totaling \$92 million.

We are highly aware that food aid is not enough. There is a well known saying, "Give a man a fish and he eats for a day. Teach him how to fish and he will eat for the rest of his life."

The United States is one of the founders and strong supporters of the FAO which is now nearly 20 years old and has 111 member countries. The FAO represents mankind's first world-wide effort to work together, multilaterally, in expanding agricultural production. FAO has earned world-wide acclaim for its many contributions in agricultural research, crop improvement, disease and insect control, and general improvement of underdeveloped agriculture.

Since the Point Four program was created by President Truman in 1949, we also have been going forward with our own bilateral technical assistance program, currently operated by the Agency for International Development and strongly supported by the various Government agencies, including the Department of Agriculture.

But these efforts, primarily by the public sector, are not enough. The attack, if it is to succeed, will require the building of a strong working partnership between the public and private sectors of our economy.

In the first place, the development of the productive capacity of agriculture in the emerging nations will require a greater investment than the Federal Government can provide...including not only capital but also the skilled personnel and technical know-how which is available in private industry.

This investment will need to come from private industry if we are to successfully end world hunger. A partnership, however, requires that one partner contribute something the other cannot provide. In this case, the contribution the Government can make is to insure against losses on investments from causes other than mismanagement.

The need for participation by the private sector is both obvious and great. The modern farmer is a highly efficient producer of food and fiber, but this is so only because he is backed up by a highly efficient business complex that includes manufacturers of farm equipment, fuel, fertilizer, and still others who transport, store, process and distribute his products.

The world's agricultural competence must be developed on the same concept, and to do this will require the technical skills and competence of the Americans who produce the goods and services the farmer purchases... as well as those who process and distribute what the farmer grows.

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Our experience in the expansion of commercial markets for farm exports has shown us that a working partnership can be highly successful. The USDA and 44 agricultural producer and trade groups are currently engaged in cooperative market development projects in 67 countries. And the record volume of dollar exports this past fiscal year is the best possible demonstration that a partnership between the public and private sector of the economy is rewarding to everyone.

One aspect of your participation can be the American Freedom from Hunger Foundation -- represented here today. Its purpose is to enlist non-governmental support in the crusade against hunger. Around \$13 million of world-wide activity from private sources is underway in this very worthwhile program, and requests for project assistance far exceed available funds.

There are many other kinds of opportunities as well which firms may undertake individually or together with others. One such example of efforts to help world agricultural production is in the use of fertilizer.

As part of the Food and Agriculture Organization program through the United Nations, a special fertilizer project has gathered support of fertilizer companies both here and abroad. In the past four years, these concerns -- including some in the U. S. -- have subscribed over a million dollars in cash plus substantial donations of fertilizer. Farmers in 15 countries of West Asia, Africa and Latin America have found through this program that a dollar's worth of fertilizer can increase the farmer's return by 2-1/2 dollars.

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A large dairy firm has developed an ingenious method of improving village grain grinding in Africa. They donated a complete flour mill -- to be owned by the villagers -- on one condition. Part of the earnings would be set aside to buy a similar mill for a neighboring village. The neighboring village would repeat the sequence for a third village, which would continue the chain.

Private firms in Sweden, Canada, Finland, and the United Kingdom have donated over \$600,000 in money or free engines to motorize fishing boats in Africa and West Asian countries. And firms in the U. S. and the United Kingdom have pledged to supply parts and technical training to use and maintain farm equipment.

The working partnership of which I speak involves more than this, however. If we are to surmount the challenge of world hunger, this partnership must be based on these principles:

* The production of food in this country for use in alleviating the immediate food deficits must be geared to need.

* We must be willing to pay the cost not only of the food assistance but also the technical aid that will be required to raise the level of agricultural skills.

* The business community will need to recognize the value of the effort to close the world food gap and to give support to the concept and the policies which flow from it...as well as provide direct aid and assistance wherever possible.

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Let me make it clear that I am not here tonight to propose a detailed plan and program for the working partnership of business and Government in the war on world hunger. I simply ask you to consider the concept in the knowledge that together we can end hunger in the world.

I suspect that no plan could be formulated now in any event, for the outlines and the details of so immense an undertaking will evolve as a pragmatic result of accepting the challenge we know must be met.

Perhaps at no time in the history of civilization has man been presented with so unique an opportunity, and I firmly believe that we cannot refuse to accept the opportunity.

Certainly if we refuse, history will treat us poorly.

And perhaps if we refuse, there will be no history...for the true nature of this task is the preservation of peace and the extension of progress and prosperity throughout the world.

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THE JOB AHEAD FOR RURAL AREAS DEVELOPMENT

4/19/64 Last week, President Johnson described the mission of the Department of Agriculture in these terms:

"It is time that the Department of Agriculture, which has served the farmers and the consumers of America so well for over a century, assume a full leadership role within the Federal Government to help rural America, as a whole, attain its rightful place within the Great Society."

This is a clear and compelling mandate. It is a mandate to us in this Department, it is a mandate to you who are members of this Committee, and it is a mandate to the thousands of state and local leaders throughout this country who are engaged in Rural Areas Development.

The President described our goal as "parity of opportunity for rural America in every aspect of our national life."

That, in a phrase, is the job ahead for Rural Areas Development.
What does parity of opportunity mean?

It means making sure that a rural child, who often does not have as good a chance as a city child for a first-class education, gets an equal chance.

It means establishing economic opportunities in the countryside so that young people who do not want to migrate to the city can make a decent living in their home communities.

Excerpts from remarks of Secretary Freeman in opening the second day's session of the National Advisory Committee on Rural Areas Development, Washington, D. C., November 24, 1964. X

It means training and counseling for young people in rural areas so that, if they do migrate to the city, they can compete on equal terms for city jobs.

It means taking steps to see that the proportion of rural youth who go on to college is as high as the proportion of city youth.

It means finding means of providing credit to rural businessmen, insofar as the Government provides or insures credit, on equal terms with that available to urban businessmen.

It means enabling the family who wants to build a house in rural America to obtain mortgage funds on terms as favorable as those available in the cities and their suburbs.

It means bringing rural water supplies, and rural sanitation facilities, up to city standards.

It means establishing services for older people that are as good in small towns and rural communities as they are in larger cities.

There are great values in life in rural America -- the open air, the nearness to the beauties of nature, the relief from congestion and traffic, the neighborliness of the rural community. But in far too much of rural America these advantages are more than offset by the lack of economic opportunity, the lack of educational opportunity, the higher proportion of underemployment, the prevalence of poverty, substandard housing, and the absence of the fundamental amenities of community life like pure water and decent sanitation facilities.

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The job ahead for Rural Areas Development is to find the means of overcoming these disparities. The job ahead for the Department of Agriculture is to take the lead in helping our State and local RAD organizations, and other community groups of all kinds, in this great undertaking.

We do not yet know all the implications of this new mandate. But two things are clear:

Where we have been concerned primarily with plants, animals, and land, we must be equally concerned with people.

And where we have been concerned only with agriculture as an industry -- with the production, marketing, and consumption of the produce of the land -- we must be equally concerned with the non-farm rural economy. We must remember that farming, as such, can provide a decent income, under present circumstances, for only one out of eight to ten of the families now living in rural America. Either non-farm opportunities must be developed in rural America for the other seven to nine families, and their children, or rural communities will continue the slow decline that so many of them are experiencing.

In the 1930's, this Department underwent an historic transformation. It came out of the university and went into action. Once a department concerned only with research and education, we launched in the 1930's a series of dynamic action programs -- buying, selling, and storing commodities; making loans for rural power lines and for land purchase by tenants; providing funds and technical assistance for the installation of conservation practices on individual farms throughout the country.

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But still we were dealing, almost wholly, with farming and agriculture and the people who live on farms.

The transformation of the 1960's may turn out, in retrospect, to be equally historic. In this decade, we are broadening our concern from the field of agriculture as an industry to rural America as an element of our national society.

This has been the goal of Rural Areas Development since the beginning. The job ahead is to do better, and more broadly, and with stronger and more systematic organization, what we have set out to do since 1961.

In Rural Areas Development, we anticipated, in a sense, the concept of the Great Society. As our efforts progressed, the picture became clearer. Now, perhaps, we can see all of the picture, and see it whole.

It means a broadening of RAD, a broadening of our research, a broadening of extension -- from concern with physical resources to concern with people, and from concern with agriculture to concern with all of rural America.

For our Department as a whole and for the whole RAD structure, it means one other thing, and that is relatively less emphasis upon what we can do ourselves -- through our own programs -- and relatively more emphasis upon how we can help other agencies and other programs bring their benefits to rural America. We cannot--and should not try--to duplicate within this Department all of the expertise and the services of the rest of the Government in such fields as education, manpower,

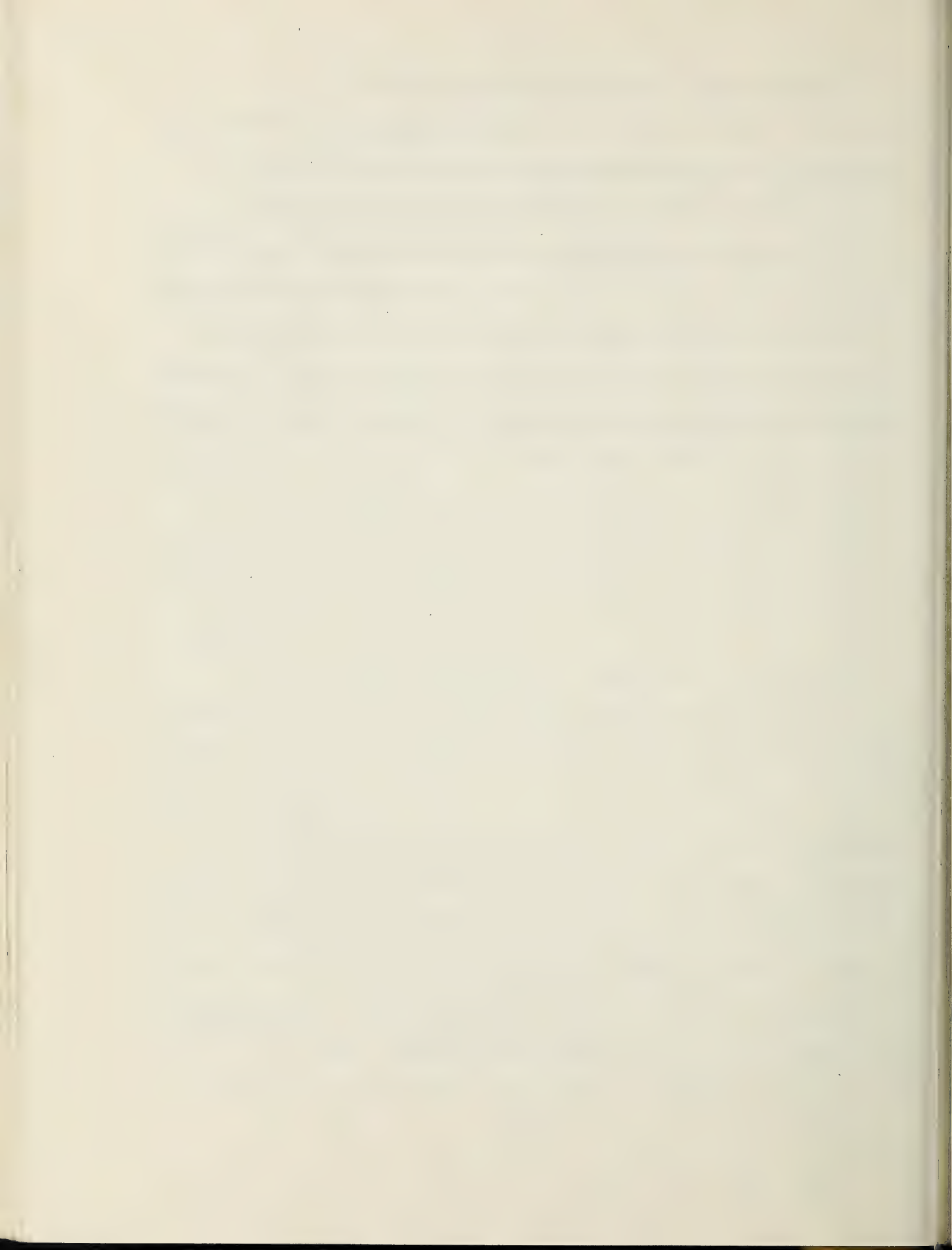
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health, welfare, youth counseling, housing, credit, and all the rest. But we can -- and should try -- to find ways to help the agencies that have expertise and specialized services in these fields to make those services effective to the same degree in rural as in urban areas.

We are proud of our part in making the Area Redevelopment Act effective in rural America. We are proud of the part we played in getting the first rural Community Action Organizations formed and their plans developed under the Economic Opportunity Act. We must organize, in this Department and through the RAD machinery -- broadened as may be necessary -- to do the same in many other areas.

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I appreciate the privilege of having a part in your convention program and a reunion with farm men and women of my home state of Minnesota and across the nation. The paths of many of us crossed repeatedly during the past three months, during one of the most critical election campaigns in our nation's history.

You and I have, for several years now, shared common causes. We've had a mutual desire to raise farm income...to create greater economic opportunities in rural America...and to make increasingly better use of our God-given abundance at home and around the world for peace and progress and prosperity.

Your proved your dedication to these causes when you went to the polls November 3, and you proved it earlier when you helped get the Wheat-Cotton and Food Stamp Bills through the Congress.

I want to take this opportunity to thank you, and Oren Staley, and through you all the NFO members who worked with us to get this important legislation enacted into law. This positive action protected the income of wheat and cotton farmers. It helped move the abundance you produce to those who are in need. And it protected and created thousands of jobs in factories, shops and stores throughout the country.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman before the National Farmers Organization at Municipal Auditorium, Minneapolis, Minnesota, Wednesday, December 2, 1964, 7:30 p.m. CST.

This particular victory is but one of the farm and food program successes of the Kennedy-Johnson Administrations. There are others--like the Feed Grain Program--which with your help was moved through the Congress over the violent objections of some--although with only a few votes to spare on four different occasions.

Yet, for some reason, this hard-fought progress is little understood by the American public generally. And I would be less than honest if I did not add that oftentimes it seems overlooked and forgotten by farmers themselves.

It is good, I think, to remind ourselves of this rather current history. It can strengthen us for the challenges and struggles which lie ahead. And no one knows better than you know that we have many problems to face together in the immediate future. I want to visit with you tonight about some of them. Let me begin with the most difficult--and most important--communication.

The success story of American agriculture is one of the greatest paradoxes in our Nation's history. It is a paradox because the farmer, who has made this success possible, is the least-rewarded and least-recognized of any segment of our society despite his great contribution to our Nation's prosperity and well-being.

That is why our No. 1 job in agriculture--yours and mine--remains one of public relations and public information.

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In hundreds of speeches, press conferences and radio and television appearances throughout the country I have sought to dispel the erroneous notion that American agriculture is a problem and a burden of "surplus and subsidy" for the taxpayer.

What are the facts?

The American consumer is the great beneficiary of our agricultural productivity. Our agriculture--the most efficient in the world--is producing more food and fiber for more people at lower cost than the world has ever before experienced.

Today Americans spend only $18\frac{1}{2}$ percent of their take-home pay for food. Fifteen years ago they were spending 25 percent. In Russia the average family spends 50 percent of its income for food; in Japan 45 percent; in the United Kingdom 29 percent.

Because of our exploding efficiency in agriculture, one farm worker in America now produces enough to feed 31 persons. In 1920 he fed only eight. In Europe the average farmer produces enough for 10 persons, and in Russia, enough for only four or five.

As farmers and as members of the NFO, you are familiar with these figures and these facts. But we must continue telling our story.

Because of your efficiency as producers--together with those who transport, process and distribute--food costs have been a bright spot in an era of rising costs. They have risen less since 1947-49 than almost

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any other consumer item in the cost-of-living index. For all items other than food, the increase to 1963 was 36 percent. But for retail food, the increase was only 15 percent.

Our agricultural productivity has contributed in large measure to our world trade. Farm exports are now running at a record level of more than \$6 billion this year, contributing 25 percent to our favorable balance of payments in world trade. One of every four acres of your production goes to foreign markets. Our trade surplus in agriculture last year was over \$2 billion, the highest in 50 years. Dollar sales were up one billion dollars--20 percent over the previous year and 35 percent higher than in 1960.

Our agricultural abundance has been a potent weapon in the Cold War and a powerful instrument of our foreign policy, especially through the Food for Peace Program. Every American farmer can feel pride and satisfaction in what our Food for Peace Program is doing. It represents our respect for the great moral precept found in Scripture: "For unto whomsoever much is given of him shall much be required."

Food for Peace is without parallel in the relationship of nations. Over the past decade this effort has been responsible for exports of \$12 billion worth of food. This food has reached more than a hundred countries with combined populations of 1.7 billion. Today 40 million boys and girls in 89 countries had school lunches provided under Food for Peace. Wherever disaster strikes and need is made known, American food is enroute within a

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matter of hours...to earthquake victims in South America, to those made homeless and hungry by floods in India, to those stricken by crop failure in Iran. Famine in the old sense of the word has been banished from all languages by American food.

Food for Peace has contributed to the economic growth and the creation of free institutions in developing nations. It has made the task of keeping the peace easier. And there have been tangible returns from this bread cast upon the waters--we are making increasing sales of food for dollars to countries where economic and trade stability has been increased or restored through our food help. Japan, once a large Food for Peace recipient, is today our No. 1 dollar customer--purchasing over \$600 million worth of American food and fiber each year.

This is a truly magnificent accomplishment--and it can be traced directly back to your own and other American farms. Yet we have only begun. Two-thirds of the nations in the Free World today have less than an adequate diet, while we in this nation idle 25 percent of our productive capabilities.

Let us--as we look ahead to new opportunities to improve our own society and help others improve their lives--resolve to close this World Food Gap. It won't be easy, but it can be done. It can be done through a hard-hitting partnership of Food Aid and agricultural technical assistance.

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But if we are to succeed in this great task and close the World Food Gap in the 1970's, we must make our foreign food distribution programs more responsive to the needs of our Free World neighbors and less dependent upon the haphazard trends of our surplus production. This means guiding our production resources into what's needed instead of adjusting our distribution under Food for Peace to what happens to be left over in the storage bins.

I hope you will think deeply about this.

The God-given abundance of American agriculture ought to be used, not idled.

While we are recording great accomplishments in the Food for Peace Program we are not neglecting our neighbors at home. More than 35 million individuals--school children, the elderly, the disabled, the unemployed, the unemployable--are now getting better diets through our School Lunch and Special Milk Programs, and Direct Food Distribution Programs, than was the case four years ago. Our Food Stamp Program--a new approach to helping low-income families--was successfully launched on a pilot basis by President Kennedy and has now become a permanent program under the leadership of President Johnson. It is providing better food for those who need it most, more business for local communities, and an expanded market for American farmers.

At home and around the world--thanks to the hard work of farm families like your own--we are approaching that great day when we will be able literally to banish hunger from the face of the earth.

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This, then, is the unparalleled success story of American agriculture--a good and great story that is still to be fully understood. Yet we are making progress--the American people as a whole have a better awareness of the farmer's contributions and a better attitude toward his problems than was the case four years ago.

The recent "Food Is a Bargain" campaign is an example of the impact of communication. Food retailers and manufacturers--with the cooperation of newspapers and magazines and radio and TV--conducted in October of this year a massive campaign aimed at telling consumers why food is a bargain. Retailers participated in a coupon promotion involving a sweepstakes game called "Only 19." Its purpose was to drive home the fact that only 19 percent of the average American's disposable income is spent for food today as compared with the 26 percent spent by consumers 15 years ago.

The sweepstakes offered consumers the opportunity to win \$100,000 in cash prizes. Our estimates are that 700 retail and wholesale food distribution companies operating more than 28,000 supermarkets handed out 165 $\frac{1}{2}$ million of the "Only 19" coupons. This is more than twice the number of families in the United States.

Many manufacturers supported the effort through their regular advertising and putting "Food Is a Bargain" material on packages. Magazine support included at least full-page treatment in publications with a combined circulation of more than 200 million. We are told by the Television Bureau of Advertising that every TV station in the country cooperated. Eleven of our governors proclaimed "Food Is a Bargain Week" in their states.

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Considering the amount of exposure to the message during this short period, this program is believed the biggest and most successful information campaign ever launched by a single industry.

We must keep this sort of effort going, with you on the farm and those of us in government constantly seeking the cooperation of business and industry and labor in the telling and the hearing of our story.

We must educate the people of America to our agricultural success story because we are a minority group. Forty years ago farmers had political muscle. The farm bloc was a potent political reality. But not now. Since 1924 Congressional districts with 20 percent or more farm population have declined from over 250 to just a few more than 50. And a further decline in farmer political power can be anticipated in terms of direct Congressional influence as re-districting continues.

The meaning is clear. Farm legislation today must not only be sound, it must also reflect the facts of political life--the farmer must convince the Congress that farm legislation is sound for the consumer as well as for the farmer and the entire economy.

So, we must work together for the future of American agriculture and our family farm system. We must get together on farm programs, must achieve a higher degree of unity among farm organizations and the various commodity groups, in cooperation with government. And we must seek the cooperation of business, labor and industry.

To do this we need confidence in one another.

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We have a consistent long-term program for American agriculture-- a program for the decade of the 60's and we have had it from the beginning of this Administration. It is a three dimensional effort, made up of Commodity, Community and Consumer food use programs.

Through commodity programs we seek parity of income for the American farmer. In 1963 the disposable personal income of our farm population was only 63 percent as high as that of our non-farm population. That's not fair, it is not right, and President Johnson and this Administration are pledged to work for equality of treatment for our farmers in the market place. President Johnson said only this month that "the one-third of our people who live in rural America must be full participants in the Great Society that together we shall build. We shall seek parity of income for farmers, and we shall seek this goal within the framework of commodity programs designed to strengthen and improve farm income."

The President of the United States knows farmers and farming... appreciates your achievements, understands your needs.

We have made progress in this Administration toward parity of income. When I became Secretary of Agriculture in January 1961, price supports began moving up--not down as they had the previous eight long years. Corn went from \$1.05 a bushel to \$1.25...barley from 76 to 96 cents ...oats from 50 to 65 cents...rye from 88 cents to \$1.07 a bushel...grain sorghum from \$1.52 to \$2 a hundredweight. And the soybean support price, which was \$1.85 under the previous Administration, was \$2.25 a bushel this year--adding \$400 million to farmers' pockets.

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As a result of combined legislation and administrative action, wheat prices were raised from \$1.78 to \$2 a bushel in 1962. Then in 1963, when farmers voted "no" in the wheat referendum, we were threatened with \$1.25 wheat. But, as a result of hard work and the driving leadership of President Johnson, we passed a voluntary wheat program that restored \$450 million of income to the wheat farmers that would have been lost had the Bill not been enacted.

I think the 1964 elections established one point clearly: The farm voters and the public, too, endorsed the economic wisdom of commodity programs. In doing so, they came to the same general agreement found among farm experts and professional agriculturists...that commodity programs will continue to be necessary if adequate family farms are to receive reasonable returns during a period of rapid and massive technological change.

A comparison of the past four years with the four years prior to 1961 provides some positive evidence of the importance of commodity programs. Net farm income during the 1961-64 period averaged nearly \$900 million a year higher than in the 1957-60 period. The significant difference between these two periods is that a conscientious effort has been made since 1961 to develop commodity programs that will strengthen the incomes of family farmers. The results indicate we are on the right track. Net income per farm is up 20 percent since 1960.

We still have a long way to go as we strive to reach our goal of income parity. But we have made a strong beginning. Working together, I am confident we can accelerate the progress.

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I can also report to you that as we have advanced toward parity of income, we have been able to reduce the costly grain surpluses that hung over our heads in 1960. Government holdings of wheat have been reduced from 1.4 billion to 900 million bushels. Feed grain holdings have dropped from 85 to 56 million tons since I became Secretary of Agriculture on January 20, 1961. This reduction in government holdings is saving the taxpayers about a quarter of a billion dollars a year.

These gains have not been easily won. If they are to be maintained and progress continued, the public consensus that has been achieved in support of commodity programs in this year's election must be translated into meaningful legislation.

We must be careful not to delude ourselves into believing the consensus as to the direction of farm policy will automatically translate itself into better farm programs and parity of income. The struggle over farm legislation will be repeated in the next session of Congress. However, instead of battling over whether we should have commodity programs at all, the fight will be on details of programs. And you know as well as I that if we are not careful the commodity programs themselves -- the Feed Grain Program, the Wheat Program and others -- can be lost in the dust and confusion and frustration of debate over details.

I predict the enemies of commodity programs will seek in this fashion to do what they could not do in the election.

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The next session of Congress will indeed be critical. The voluntary programs now in effect for wheat and feed grains and the cotton program terminate in 1965. That means legislation must be enacted next session to renew and improve them.

Consideration must be given to changes in the tobacco program. Many peanut growers have indicated that program needs improvement. Certainly, the present incomes which dairy farmers earn are inadequate. Wool and sugar legislation are also on the agenda. And this is only a partial list.

Let me say a few words about beef.

You have been acutely aware of the problems of the beef cattle industry and the price decline which hurt all of us earlier in the year.

The plight of the cattlemen has been of deep concern to President Johnson. In response to this concern we took a number of steps to improve the beef cattle price situation. Here are some of them:

1. Special merchandising and promotion programs were launched in cooperation with the food and livestock industries. As a result, major food retailers reported beef sales up 8 to 20 percent over last year. Per capita consumption of beef will reach 100 pounds this year.

2. A special beef purchasing program has been conducted since March for school lunches and needy families. These purchases now exceed \$202 million, covering well over 350 million pounds of meat.

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3. The Department of Defense increased its beef purchases for overseas commissary needs and this buying amounts to 3 million pounds a month.

4. Voluntary agreements were reached with our major foreign beef suppliers to cut their shipments of beef back to the 1959-63 level. These imports are down 25 percent from last year. Legislation was passed to hold imports to the level of the last five years--the volume recommended by cattlemen, ranchers and feeders.

5. The U. S. is making a strenuous effort through GATT to liberalize conditions for entry of beef into Western Europe and other world markets, along with a major effort to stimulate commercial exports of beef and live cattle.

6. Agreements were reached with Israel, the United Arab Republic and Chile, authorizing shipments of approximately 40 million pounds of our beef under the Food for Peace program.

As a result of these efforts, choice steer prices are now about \$3.50 a hundredweight higher than they were at the low point hit last May. This is some improvement, but not enough. Working together, I am confident we can strengthen prices more in the months ahead. For the long haul, I am confident the cattle industry will enjoy a healthy expansion and contribute significantly to reaching our parity of income goal.

In conclusion I would ask your attention for another "C" of our long-term dimensional farm programs--the Community Programs.

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The people of rural America not only voted for parity of income for the family farmer, but they voted as well for parity of opportunity for all of rural America.

Commodity programs will play a vital part in this, as well as a growing export market for what our land produces. But further opportunity for waging the war on poverty and achieving the Great Society in rural America is contained in community development programs.

Fewer than one of four rural Americans live on farms. Many of those on farms look to farming for only a part of their incomes. This means that about one of ten persons in rural America will find his place in the Great Society through farming; for the others, parity of opportunity will and must be found entirely or in part through other means.

Less than two weeks ago, President Johnson described the mission of the Department of Agriculture in these terms: "It is time that the Department of Agriculture, which has served the farmers and the consumers of America so well for over a century, assume a full leadership role within the Federal Government to help rural America, as a whole, attain its rightful place within the Great Society."

The challenge is clear. I welcome it. I know you welcome it. A great President inspires us with his call to build a Great Society of prosperity and well-being.

President John F. Kennedy said four years ago, "Let us get this country moving again." President Lyndon B. Johnson says today, "Let us continue."

We are counting on your help.

U. S. Department of Agriculture
Office of the Secretary

3
7 General Lampert, Faculty and Cadets of the United States Military
Academy, and your guests:

4/1964
I am here to discuss food...

Food and people...

Food and peace...

Food and progress...

Food and prosperity...

In a nation that is first in all history to fully know the new world of abundance, food may seem a routine rather than a glamorous and challenging subject for thought and action.

But I would remind you more books have been written about food than about the Civil War -- and that can't help but be some kind of a record.

The world's libraries -- public and private -- are filled with books on how to grow food, harvest it, preserve it, cook it and bake it...books on how to eat it by experts ranging from Emily Post to Dr. Spock ... and -- in the more affluent areas -- books on how not to eat it.

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Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman
before the annual Student Conference on United States Affairs at the United
States Military Academy, West Point, New York, Friday, December 4, 1964,
10:00 a.m., EST

I'll concede there may be more books about love than about food. But there's still a relationship between romance and roast beef -- I'm sure women learned the way to a man's heart is through his stomach even before generals discovered that's how an Army travels.

I am beginning my fifth year as Secretary of Agriculture in a nation that has moved the production, distribution and utilization of food to the front rank among the world's wonders.

That tenure, of course, is not a record -- yet you don't exactly find five-year Secretaries of Agriculture hanging from trees. Almost every day, however, I do find at least one newspaper editor who thinks that is the right place for me.

Sometimes when I'm playing squash with Secretary McNamara I am tempted to talk shop and suggest that he allow me to decide which base to close while he determines the support price for soybeans. That would be what you might call a share-the-wrath proposal. And some day, if I ever win a squash game, I'm going to offer it.

Meanwhile, I want to express my very real gratitude to the leadership of the Academy and to the Corps of Cadets for the privilege of participating in the Sixteenth Annual Student Conference on World Affairs. It is highly significant that these Conferences are held at one of the world's best and most famous institutions for training fighting military leaders. This Conference, held here, reminds us once again that in these United States the purpose of military power is to preserve peace -- that such power in effect buys time, making it possible for us to keep our freedom while we improve the world so that war can truly become a thing of the past and freedom can be the heritage of all mankind.

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In the past four years of my participation in national and international policy making and the administration of Federal Government affairs my pride in -- and admiration for -- the farm families of the United States has grown.

I am filled with appreciation for their acceptance of responsibility...grateful for the dedication and skills that enable them to produce more of better foods at less cost to our consumers than any food buyers in all history have known...proud of their ability not only to provide for those at home and abroad who can buy, but to also produce enough more for sharing with those at home and abroad who cannot pay.

Fewer than eight percent of our people are engaged in food production. But listen to this:

Every American who can buy food buys more of it, in greater variety and of better quality, for less in terms of take-home pay than he has ever paid before. Farmers have provided American food buyers with the best and biggest bargains any consumers anywhere have ever experienced.

Plus:

These same American farmers produce enough more to enable us to distribute three quarters of a billion dollars worth of food each year to fellow citizens who cannot pay for it, or can only pay a part of the cost.

Plus:

These same American farmers produce enough more to enable us to sell four and a half billion dollars worth of food a year on foreign markets.

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USDA 4090-64

Plus:

These same American farmers produce enough more to enable us to make available one and three-quarters billion dollars worth of food a year in Food for Peace.

It is no wonder that in most of the world the American farmer gets such descriptions as "magical" and "miraculous." It is no wonder that the Communists, who would recreate almost everything else in their own image, frankly admit that they seek to create an agricultural system that -- in terms of results at least -- is modeled after our own.

Every American should be grateful to that tiny minority, the 8 percent who till the soil and make all this possible. We should also be grateful to President Johnson and to the late President Kennedy and to the Members of the Congress who have wrapped farm and food policy and programs into a single package...who have made food not only an instrument for the advancement of the good life here at home, but have also given it a significant role in the promotion of peace and progress throughout the world.

And, speaking in the singular now as Secretary of Agriculture, I am grateful to all the people of this good and great country without whose continuing interest and support these policies and programs would not have been conceived and could not have functioned.

So we have written...the farm families of the nation, and you and I and all our fellow Americans...a spectacular and meaningful history of farming and the utilization of food.

But we cannot close the book.

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It is time to write a new chapter -- the most dynamic and purposeful and rewarding of them all. The writing will take more clear thinking, more energy, more dedication, more compassion, and even more courage than all that has been done until now.

The new chapter can be completed, if we have the will to complete it, as early as the decade of the 1970's.

It is a chapter entitled:

Ending Hunger in a Free World.

Unless we grasp the opportunity contained in that goal, history will surely treat us poorly. Perhaps if we refuse to accept that opportunity, there will be no history...for the true nature of this task is the preservation of peace which can only be accomplished by the extension of progress and prosperity throughout the world.

When I accepted the responsibility of service in the Cabinet of the President of the United States, I saw our food abundance not as an end, but as a means -- and all I have seen and felt and done since January 20, 1961 has strengthened that concept.

Food is for making the society of men strong -- not fat.

Food abundance is designed to lift the energies and abilities and efforts of men above the mere survival-subsistence level.

Food is for raising the sights of children everywhere above their bellies, so they may fully exploit the potentials of their minds and their hearts.

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Food is the propellant for all other forms of production. Food paves the way for exchange of all other types of goods. Food unlocks new areas of communication so essential to preserving the peace.

It can do more than just keep developing nations alive -- it must do more than that. It must help give them better reasons for living...better purpose for living...greater reverence for life and in the process a real stake in preserving peace.

All over this world of rising expectations people are seeking a better life. Whether they know it intuitively, whether they get the word through the beat of drums in the jungle or through a transistor radio in a mud hut, the most poverty-stricken and oppressed are familiar with the fact that the good life does exist...that men do live in decency and with dignity in places like the United States. They believe there must be more room under the sun -- that they, too, can have enough to eat.

They are right. There is room. And the process of occupying it is closely related to the physical, spiritual, intellectual, economic and political benefits associated with the end of hunger.

We can end hunger throughout the society of men who want to be free if we have, and they have, the cooperative will to develop the means.

The means are essentially rooted in reshaping to new goals the policies and procedures which in the past decade have served us and the world well. Fortunately, we can build for the future not on the wreckage of failures, but on the foundations of successes.

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What we must seek to achieve is a dramatic move from what has been basically a program of food assistance to developing nations into an era of bringing about increased food production within the developing nations themselves.

This will call for more emphasis, in terms of sharing, on what they need and a decreasing dependence on what we may have in terms of food surpluses. And it will call for making increasingly available our production know-how, and for the willingness of developing nations to concentrate energy and resources to make their own agricultures more productive and more important in their total economies.

Developing nations cannot grow in the face of a stagnant and depressed countryside. The key to economic development -- a fact only now coming to be fully understood -- is agricultural development.

I said earlier that as we face up to the challenge of the big push for victory over hunger in the Free World we can build upon successes rather than failures. Perhaps then we can best chart where we should go by taking a quick look at where we've been.

The Judeo-Christian concept of food sharing has been laced into the fabric of the American society since the arrival of the Pilgrims. At home and abroad through the years we have observed the advice God transmitted to Moses when he said:

"And when ye reap the harvest of your land, thou shalt not reap the corners of thy field, neither shalt thou gather the gleanings of thy harvest. And thou shalt not glean thy vineyard, neither shalt thou gather every grape of thy vineyard; thou shalt leave them for the poor and the stranger."

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As we have found better ways to grow and process and transport food we have not been content to keep old methods of sharing. The practice of leaving grain in the corners of the fields and of leaving a few grapes on the vines has been changed here at home to the Food Stamp Plan and Direct Distribution and School Lunch and Milk Programs.

American agricultural abundance is such that today it is inexcusable for any American to have less than an adequate diet. As recently as this year Congress made the Food Stamp Program permanent, and right now we are making the expansion of School Lunches into the most remote and depressed areas a part of the war on poverty.

We can be humbly proud, I think, that while Americans have looked upon sharing as something that begins at home, we have not kept it at home when there has been need around the world. Mass distribution of American foods has long responded to famine, as well as to the relief and rehabilitation needs of World War I under the administration of the late Herbert Hoover and to the initial United Nations efforts of relief and rehabilitation associated with World War II.

Just as we perfected our domestic food distribution for those who couldn't pay all the cost, or pay none of it, we improved the program for food distribution in other parts of the world under legislation called Public Law 480 -- commonly known as our Food for Peace Program -- beginning in the 1950's.

Again this represents respect for moral precept -- "For unto whomsoever much is given, of him much shall be required."

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Food for Peace has no parallels in the relationship of nations.

Over the past decade this effort has been responsible for exports of \$12 billion worth of food. This food has reached more than a hundred countries with combined populations of 1.7 billion. Today 40 million boys and girls in 89 countries had school lunches provided under Food for Peace. Wherever disaster strikes and need is made known, American food is enroute within a matter of hours...to earthquake victims in South America, to those made homeless and hungry by floods in India, to those stricken by crop failure in Iran. Famine in the old sense of the word has been banished from all languages by American food.

Food for Peace has contributed to the economic growth and the development of free institutions in developing nations. It has made the task of keeping the peace easier. And there have been tangible returns from this bread cast upon the waters -- we are making increasing sales of food for dollars to countries where economic and trade stability has been increased or restored through our food help. Japan, once a large Food for Peace recipient, is today our Number One dollar customer -- purchasing over \$600 million worth of American food and fiber every year.

But we know, on the basis of a decade of experience and a hard look at the future, that the Food Gap cannot be closed -- that hunger cannot be stamped out -- simply by moving food from here to there.

The constructive, forward-looking role of our food in closing the gap must be that of a tool, not crutch.

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Population growth alone demands new ideas, new goals, new procedures. There'll be about a billion more people in 1975 than there are now. The increase alone between now and 1975 will equal what the total world population was sixty years ago.

A general once cried because there were no new lands to conquer. There are few new lands to plant and graze now--we've simply got to produce more on the land there is, and the doing takes more of it than we have in the United States.

It is in our self-interest, as well as in the free world's interest, to make our Food for Peace Program a contributor to the agricultural development of the Less Developed Countries.

Food for Peace cannot have as its primary role a permanent world-wide relief feeding operation. Rather we must find more and better ways to help the developing nations become agriculturally self-supporting.

This will take some doing on both sides.

Here at home we must reach the public heart and mind with a realization that a more constructive Food for Peace program is right, is practical, and is within our means. And this requires the explosion of some myths that have grown up around it.

First: The myth that Food for Peace is a visionary do-good effort -- that it is simply, as a critic once said, a means of trying to provide free milk for every Hottentot.

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Second: The myth that the cost is too high--and without end... that once the flood gate of gifts is fully opened there'll be no end to the flow.

Third: The myth that it will erode the agricultural markets that are today so vital to our balance of trade, and...

Fourth: The myth that traditional patterns of agricultural trade will be unbalanced to the detriment of allies who must find markets for their production away from home.

Finally, the myth that Food for Peace will inhibit and slow down the agricultural development of the receiving country.

These myths do not survive a review of the record -- they are contradicted by the facts of life.

The facts are:

We couldn't provide American milk for everyone who wants it, free or otherwise, because there just isn't that much milk or potential milk production in the United States. But we can use over a temporary period some dairy products not only to help operate school lunch programs abroad, but to help developing nations build and maintain their own dairy herds.

The cost in money will always be subject to measurement by the people through their elected officials, just as it has always been.

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Our dollar sales of food abroad have grown, not shrunk, as the Food for Peace Program was accelerated during the last four years. It is estimated that a \$100 a year per capita increase in income in the developing countries would expand American commercial agriculture exports by one and one-half billion dollars a year.

The impact of these programs has been measured against the interest of other exporting nations in the past, and we shall continue to consider their welfare in anticipation that such efforts will be conducted on a two-way street.

Internally, nations benefitting from Food for Peace can blend it with their own productive efforts without disrupting their farm economies. India, a major importer of wheat under Public Law 480, has seen its own wheat acreage expanded.

As a matter of fact, the best way to avoid the possibility of experiencing these mythical hazards is to update our Food for Peace concept to speed the closing of the Food Gap on a more direct--and more cooperative--basis.

We cannot be deterred or slowed down by what might happen as a result of expanding our dreams and our deeds.

Security in the 20th Century constantly assumes new dimension. Our military establishment remains the basis of the non-Communist world's ability to preserve freedom. But essentially, our defense forces are the reserve--the powerful backdrop--against which the diplomats, the dam

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builders, teachers and agricultural experts carry on their unglamorous work around the world: the work of helping emerging nations tempted by the lure of Communist get-rich-quick slogans to build solid foundations for their newly independent life. Our foreign aid program is, in fact, a security program.

You and we--soldiers and civilians--are partners in the Twentieth Century's epic and many-faceted quest to secure the peace by fostering growth and prosperity.

Let us, then:

1. Make our foreign food distribution program more responsive to the vital nutritional needs of our free world neighbors who need the help, and less dependent upon the haphazard trends of our surplus production. In terms of American production policy, this means guiding our productive resources into providing what's needed instead of adjusting our distribution to what's left over in the storage bins.

Let me put it this way. There is a distinct relationship between agricultural production and literacy. If underdeveloped nations are to produce intelligent farmers, children must be able to learn; and children need food, particularly proteins, if they are to learn. We must then be able to plan ahead for a reasonable period with assurance that there will be necessary supplies available, if we are to wage war on costly illiteracy.

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If the World Food Gap is to be closed, our agricultural program must have its roots in the response to the needs of people and not just to the disposal of surplus.

Secondly, let us:

Export our production experience and know-how as a full partner in the food package. We've had experience in this area dating back to Point Four programs begun in 1949. In accepting a substantial measure of responsibility for closing the Food Gap we surely earn the privilege of striking a bargain with the receiving country concerning our food's immediate and long-term uses so we can be certain that the receiving country is not neglecting its domestic agricultural development.

Finally, let us:

Take the long view in our food and know-how help, so that those we seek to help through this cooperation can make long-range plans.

Our own national experience shows that our development as an industrial nation has been closely related to our self-sufficiency in food. At the same time our agricultural progress shows a parallel between growing numbers of industrial and business technicians, scientists and engineers, and professional men and women and a declining need for workers in food production.

Let's face it -- the politics of developing nations has a tendency to make industrial development more attractive. There is a real need to encourage better balance, and we can help them achieve it.

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There will be, I am confident, general recognition of mutual benefits in changing the emphasis on Food for Peace from a simple feeding operation to an investment in sound economic growth that constantly strengthens free institutions.

Nonetheless, I would not anticipate that the transitions I am recommending will be easy.

However, the alternatives to an all-out attack, with a target date, for closing the Free World Food Gap cannot be faced with composure. The hazards were cited not long ago by President Johnson when he said: "I do not believe that our island of abundance will be finally secure in a sea of despair and unrest or in a world where even the oppressed may one day have access to the engines of modern destruction. Moreover, there is a great moral principle at stake. It is not right in a world of such infinite possibilities that children should die of hunger, that young people should live in ignorance, that men should be crippled by disease, that families should live in misery, shrouded in despair."

In addressing the First World Food Congress in June of 1963 the late President Kennedy put it this way: "So long as two-thirds of the nations have food deficits, no citizen and no nation can afford to be satisfied. We have the ability, as members of the human race, we have the means, we have the capacity, to eliminate hunger from the face of the earth in our lifetime. We need only the will."

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We need to decide now if we have the will.

If we have, the other weapons for a successful war on world hunger will be added to ours. With them will come new assurances for progress, for prosperity and for peace in this world of the 20th Century.

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